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Editorial

# BRICS Strengthening Global South Cooperation for a More Inclusive and Sustainable Governance



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This edition emerges in the context of major development in the evolution of BRICS in 2025. It is dedicated to ideas about consolidation of BRICS agency in various ways. The BRICS Summit in July 2025 held in Brazil focused on ways that the BRICS forum could be a catalyst for strengthening coordination among countries of the global south in the search for a more inclusive and sustainable governance. The focus was on seven forms of governance: political, security, economic, financial, cultural and people-to-people cooperation. These are crucial for the global south to emerge fully from the margins of a western-dominated world in order to contribute fully to the making of a better work for all and better lives for the people.

The summit which formally welcomed Indonesia as the 10th member and Belarus, Bolivia, Kazakhstan, Cuba, Nigeria, Malaysia, Thailand, Vietnam, Uganda, and Uzbekistan as partner countries, adopted special shared positions on Climate Finance, the Global Governance of Artificial Intelligence, and the Elimination of Socially Determined Diseases in BRICS countries. On AI, the Summit agreed to push for global governance that upholds shared values, “addresses risks, builds trust, and ensures broad and inclusive international collaboration and access, in accordance with sovereign laws, including capacity building for developing countries, with the United Nations at its core.”

The BRICS Rio de Janeiro Vision for IMF Quota and Governance Reform outlines the forum’s position on the realignment of IMF quotas towards a more inclusive international finance system. The Summit supported Brazil’s efforts as co-chair of the World Bank Shareholding Review in advocating for the increased voice and representation of developing countries, based on a shareholding realignment. In the face of growing use of tariffs and other unilateral measures, the Summit agreed to push for reforms in the WTO to enhance its relevance and restore the credibility of the multilateral trading system.

It welcomed advanced discussions towards the New Investment Platform (NIP) and the BRICS Interbank Cooperation Mechanism (ICM) focused on facilitating and expanding innovative financial practices. The BRICS Startup Forum was launched. The efforts to expand the work of the BRICS Bank were endorsed. Noted the advanced negotiations towards a BRICS Multilateral Guarantees (BMG) initiative, on the BRICS Cross-Border Payments Initiative and the Contingent Reserve Arrangement (CRA).

A number of decisions were taken on peace and prevention of conflict including by encouraging the UN Security Council to act more pro-actively and coherently, strengthen regional mechanisms, working closely to ensure peace settlements across the world including in Gaza and Ukraine, and pursuing the respect of international humanitarian law. Yet, the reform of the Security Council and other peace architectures remain elusive.

BRICS agreed to the formulate the BRICS Common Vision and Joint Action on Enhanced Anti-Corruption Cooperation and Recovery and Return of Assets and Proceeds of Corruption in furtherance of the United Nations Convention against Corruption.

The Summit also expressed progress with the BRICS expansion both through acceptance of new members and designation of partner countries, a process that firms up the emergence of BRICS+ in earnest.

In this edition of the journal, there is discussion of investment and development issues, digitalisation and cyber-security, urban development, cultural cooperation as well as matters of power and domination (the geopolitics of BRICS). All these contribute to our better understanding of the current juncture in BRICS evolution and in projecting the future of this process of becoming. We invite more engagement with themes such as health, education, social development as well as issues of local / municipal governance and economy.

**Editor-in-Chief**

# BRICS+ Development Cooperation via the New Development Bank

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## Abstract

This paper analyses the role of the New Development Bank (NDB) in BRICS+ development cooperation, with a focus on sustainable infrastructure investment. As one of BRICS' first financial institutions, the NDB seeks to reform global financial governance while balancing national priorities. Through an empirical review of financial statements, strategic documents and project data, the study evaluates the bank's claims of originality. The findings highlight its role in South-South cooperation and ecological transitions, addressing the core question: What is truly "new" in the New Development Bank?

**Keywords:** BRICS+, New Development Bank (NDB), finance, development.

## Resumo (Português)

Este artigo analisa o papel do Novo Banco de Desenvolvimento (NDB) na cooperação para o desenvolvimento dos BRICS+, com foco no financiamento de infraestrutura sustentável. Como uma das primeiras instituições financeiras do bloco, o NDB busca reformar a governança financeira global, equilibrando prioridades nacionais. A partir da análise de demonstrações financeiras, documentos estratégicos e dados de projetos, o estudo avalia as alegações de originalidade do banco. Os resultados destacam seu impacto na cooperação Sul-Sul e no financiamento de transições ecológicas, respondendo à questão: O que realmente há de "novo" no Novo Banco de Desenvolvimento?

**Palavras-chave:** BRICS+, Novo Banco de Desenvolvimento (NDB), finanças, desenvolvimento.

## 摘要 (Mandarin Chinese)

本文分析了金砖国家（BRICS+）在发展合作中新开发银行（NDB）的作用，重点关注可持续基础设施投资。作为金砖国家首批金融机构之一，NDB旨在改革全球金融治理，同时平衡国家优先事项。通过对财务报表、战略文件和项目数据的实证分析，本研究评估了该银行的创新性主张。研究结果强调了其在南南合作和生态转型融资中的作用，并探讨了核心问题：“新开发银行”真正“新”的是什么？  
关键词：金砖国家（BRICS+），新开发银行（NDB），金融，发展。

## 1. Introduction

The BRICS+ bloc— initially comprising Brazil, Russia, India, China, South Africa and recently incorporating invited nations such as Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates —represents an important bloc with some of the world's major emerging economies in times of a fragmented world order. By leveraging large internal consumer markets, allowing for greater policy

autonomy, these countries have managed to transition from their peripheral economic status and pursue their national development strategies. Despite facing considerable cultural and historical differences, the BRICS nations have formed a robust platform for cooperation. This coalition is formalised through annual ministerial meetings, civil society for a and shared institutions, all aimed at amplifying the bloc's collective influence on the global stage.

This paper explores the BRICS approach to development cooperation, with a particular focus on sustainable infrastructure investment through the New Development Bank (NDB). Amongst BRICS first institutions, the NDB is part of an evolving project to reform the global financial architecture from within, emphasising common interests while minimising internal disputes. This model of cooperation presents opportunities and challenges for development in the Global South. Diving into these opportunities and unpacking the challenges, this paper begins with a historical review of the BRICS project and its initiatives to reshape the global financial architecture. It then delves into the institutional framework of the BRICS, with special attention to the NDB. The discussion highlights the BRICS challenge of financing sustainable infrastructure in the Global South through the NDB, followed by an empirical analysis of the bank's portfolio. This analysis critically assesses the NDB's claims of originality as outlined in its articles of agreement and corporate strategy documents.

By examining the NDB's first five years of financial statements and strategic documents, this paper details the institutional background for subsequent case studies on the NDB's role in financing ecological transitions within BRICS+ – see Braga, De Conti & Magacho (2022) for an in-depth analysis of specific NDB projects. The findings provide important implications for enhancing the effectiveness of BRICS+ development finance cooperation and addressing the innovative aspects of the NDB. Taken together, the analysis and the results of this paper offer a better understanding of the potential of the NDB in supporting sustainable infrastructure investments in the BRICS. In other words, it provides key insights for addressing the 'new in the New Development Bank.

## **2. BRICS coming of age: The NDB and the CRA**

Beyond the acronym, the BRICS represent an institutionalised coalition for development cooperation between five of the major emerging economies - Brazil, Russia, India, China and South Africa. The origin of the acronym dates back to Goldman Sachs' fund for investment opportunities in the fast-growing BRIC countries at the beginning of the millennium. In 2010, with South Africa joining the bloc, the BRICS formalised its cooperation and met annually as an institutional platform for financial cooperation, pushing reforms in the global financial architecture (Lagutina 2018; Suchodolski and Demeulemeester 2018). Since then, much has changed both in terms of their economic performance and geopolitical alliances, but the BRICS have kept together as an important platform for South-South development cooperation. This section offers an overview of the origins and institutional development of the BRICS' platform of development cooperation.

In the context of an emerging multipolar world system, the BRICS project gained institutional contours, pushing for global governance reform after the global financial crisis (Stuenkel 2015; Batista 2019). In particular, the coalition mobilised resources to gauge a greater collective voice for the Global South in development finance institutions (Bond and Garcia 2015; Bond 2016). Since its first ministerial meetings, cooperation has focused on pushing for voting structure reforms in the IMF and the World Bank to respond to the rise of emerging countries (Abdenur 2015). Sharing the need for reform, the coalition rejects market fundamentalism, promoting more state-centric approaches to development (Abdenur and Folly 2015). Despite being anti-hegemonic, the bloc doesn't aim for systemic rupture, bargaining to expand its influence within institutions (Qobo and Soko 2015). This soft confrontation is characteristic of the BRICS' platform of convenience as a political and, to a certain extent, unfinished project of South-South development cooperation (Ban and Blyth 2013).

In the field of development finance, the BRICS project aims at expanding member countries' influence in the international financial arena by applying the principles of mutual benefit, solidarity and non-conditionality to their reformist agenda (Rosero and Rosero 2018). In this sense, as a South-South cooperation platform, the BRICS cooperation represents an important mechanism to enable alternative development strategies for emerging countries (UNCTAD 2017). These principles were applied in the 2014 Fortaleza BRICS summit when creating the Contingent Reserve Arrangement (CRA) and the New Development Bank (NDB), the two BRICS institutions.

The CRA consists of a USD 100 billion monetary fund created to provide liquidity to BRICS countries in the aftermath of financial crises without depending on imposed conditionalities (BRICS 2015b). However, analysts point out that the structure of the CRA does not deviate from the IMF's (Agarwal 2014). Additionally, even if formally established, the CRA has never been effectively put into use as a precautionary instrument to deal with liquidity crises or short-term balance of payment constraints - therefore remaining a virtual institution. The NDB, a borrower-led MDB, also adopts many features of the World Bank but claims originality to innovate by focusing on member equality and sustainable infrastructure investment - as the next section details. In addition to these institutions, the bloc was also set to create a BRICS credit rating agency to challenge the dominance of US agencies, but the consensus was tougher on this front since the BRICS have heterogeneous credit ratings, thus implying different political priorities on this agenda (Helleiner and Wang 2018).

The main object of this paper, the NDB, is the BRICS' most concrete success story of financial cooperation (Deus et al. 2019). Agreed upon at the BRICS 2014 Fortaleza Summit, the bank's mission is to mobilise resources for infrastructure and sustainable development projects in member countries, in a complementary effort with existing DFIs (BRICS 2015a). Since its first operations in 2016, the bank has consolidated itself as a reliable partner in the development community (NDB 2020). Membership was restricted to the five BRICS until 2021, when Bangladesh, Egypt, Uruguay and the UAE were admitted to the bank. As for its internal governance, the Shanghai-based bank is governed by an equally divided representation in the non-resident Board of Governors, a rotating President and one Vice-President for each founding member. Beyond its Shanghai HQ, the bank also established regional centres in Johannesburg, Brasilia, São Paulo, Moscow and Ahmedabad.

In financial terms, the initial authorised capital was \$100 billion, while the initial \$50 bi subscribed capital consisted of \$10 bi paid-in shares equally distributed among founders, so every member has equal voting power, and \$40 bi callable shares (BRICS 2015b). It should be noted that this is a considerable amount for establishing a new MDB, as the bank was created to have a wide mandate, expand rapidly and become an important player in the development community (Griffith-Jones 2014). As argued in this paper, the NDB consolidated as a reliable partner in BRICS development cooperation by partnering up with national development banks as a financier of infrastructure investments, but some of the huge expectations towards its initial performance were not fully met.

In the aftermath of its foundation, the academic perception of the NDB in the development community was intense (Wang 2019). Indeed, prominent scholars welcomed its creation as part of the collective effort of DFIs to help close the US\$1 trillion yearly investment gap in infrastructure in the Global South (Bhattacharya et. al 2012; Griffith-Jones 2014). This overall positive reaction was intensified by the fact that the bank was founded in the same year as the Asian Infrastructure Investment Bank (AIIB). As detailed previously, the NDB and the AIIB embody a new generation of borrower-led MDBs driven by emerging countries. More specifically, both banks reflect the ambitions of the most prominent of the BRICS - China - to become a bigger player not only in development finance but also in global economic governance overall by creating its own international institutions (Zhu 2019). The fact that these banks are reshaping the architecture of the international development

finance community also contributes to illustrating that China's rise has important and conflicting implications for the development alternatives in the Global South.

	<b>Asian Infrastructure Investment Bank (AIIB)</b>	<b>New Development Bank (NDB)</b>
<b>Membership</b>	105 members from full range of geographies and income levels	9 members (BRICS + Bangladesh, UAE, Uruguay, Egypt)
<b>Governance</b>	Dominated by borrower nations; China holds veto power while non-borrowers hold over 25% voting	Divided equally among BRICS; BRICS minimum of 55% voting, nonborrowers limited to 20% maximum
<b>Project Focus</b>	Infrastructure mainly; open to projects in other productive sectors	Infrastructure mainly; open to other projects as demanded by borrowers
<b>Borrower Focus</b>	Mainly public sector with several private sector operations; Ramping up private sector with creative financial structures	Almost entirely public sector, including national development banks, SOEs and sub-national government levels
<b>Approval Disbursements <sup>2</sup></b>	Approved: US\$22.02 billion (to 12/20) Disbursed: US\$9.13 billion (to 12/20)	Approved: US\$25.7 billion (to 12/20) Disbursed: US\$6.93 billion (to 12/20)
<b>Environmental and Social Standards</b>	Safeguards similar to traditional MDBs, more streamlined and less prescriptive	Strong push towards national legislation and regulation, transparency is weak
<b>Administration</b>	No national limits on hiring; top management fully international with strong background in MDBs	Staffing limited to member country nationals; top management with a mix of international and domestic experience
<b>Transparency</b>	In line with legacy MDBs; some complaints by CSOs on lack of specific project information	Minimal public information on projects beyond annual reports; Unresponsive to CSO information requests
<b>Bond Rating</b>	International rating: AAA	International Rating: AA+ (S&P, Fitch) AAA (JCRA, ACRA) Local Rating (China): AAA
<b>Funding Focus</b>	Mainly hard currency capital markets	Mainly BRICS capital markets; expanding towards hard currency markets
<b>Procurement Policies</b>	Open to firms from any country	Open only to firms from member countries

**Figure 1: Key comparative characteristics of AIIB and NDB.**<sup>1,2</sup> Source: Elaborated by the author, based on Humphrey (2020)

1 Further research is needed to assess the institutional, governance, financial and environmental differences between the NDB, AIIB, the World Bank Group and other borrow-led MDBs but goes beyond the scope of this paper.

2 For comparison purposes, the disbursements refer to 2020 since the NDB's website does not display its disbursements data - in contrast to the AIIB. Instead, the data is published in its Annual Reports which are released yearly.

As a matter of fact, both banks embody a different approach to development finance. However, since its first operations, they have opted for different strategies to consolidate as members of the development community. In comparison with the AIIB, the NDB has faced a higher level of scepticism from the international community due to its narrower membership, limited transparency and lower profile in the international arena (Humphrey 2020). Figure 1 details how the NDB institutionally differs to a great extent from the AIIB in terms of membership, governance and operations. To overcome the DFI community's mistrust, the bank needs to systematically justify and address the 'new in the NDB' - not by following the AIIB, but by finding its own strategy.

Arguably, for an extremely young MDB, the New Development Bank stands out due to the centrality of member equality in its corporate governance structure - a revolutionary push away from the WBG's conditionalities in its operations by emphasising country-systems. Additionally, two other claims of originality justify the 'new in the NDB': advancing product innovation in sustainable infrastructure investment and the bank's aim to build its capital base by issuing green bonds denominated in BRICS national currencies (Cooper 2017). To assess these claims of originality and address the 'new in the NDB', the next section details the bank's strategy to tackle sustainable infrastructure investment before empirically assessing its operations to understand how successful the NDB has been in providing an institutional framework for BRICS cooperation.

### **3. The BRICS challenge to finance sustainable infrastructure via the NDB**

The last section argued that the NDB is the BRICS' most concrete success story of development cooperation, as it has consolidated as a reliable source of finance in the bloc. It should be noticed, however, that it is still to live up to the mission of reforming the development finance architecture from within. According to its articles of agreement (AoA), the bank's mission is to mobilise resources for infrastructure and sustainable development projects in member countries (BRICS 2015a). To achieve this mission, the NDB's main strategy has been to measure the success of its operations in terms of engagement with the SDGs in its internal documents and annual reports (NDB 2020). This section provides a comprehensive assessment of the bank's mission effectiveness by analysing its corporate strategy, financial statements and environmental framework.

Indeed, the NDB's mission is quite related to the existence of an infrastructure investment gap in emerging countries. This gap is estimated at around 1 trillion dollars yearly for emerging countries to be able to meet their sustainable development goals (Bhattacharya et. al, 2012). Particularly, the gap is centred in the areas of sanitation, energy and transport - covering SDGs 6, 7 and 9 (Sachs et al. 2019). Since the bank focuses on sustainable infrastructure, its mission centres on SDG 9: to build resilient infrastructure, promote sustainable industrialisation and foster innovation. As the paper details, the progress of all BRICS on SDG 9 is described as of significant challenges remaining (Ali et al. 2018). Hence, the NDB represents an important effort to close the investment gap and advance on SDG 9, but the bank needs to evaluate the sustainability of its developments.

This analysis argues that even if the NDB is a concrete case of financial development cooperation, its sustainable framework has important limits and opportunities ahead. Since its first sustainable infrastructure projects started in 2016, the bank has published three documents detailing its approach to sustainability: (i) its first General Strategy (2017-2021); (ii) an Environment and Social Framework and (iii) a Sustainable Financing Policy Framework governing green financial instruments. As the first section of this paper broadly outlined the bank's corporate governance, this section analyses these three documents to assess how the bank is implementing its mission to validate its claims of originality as a 21st-century MDB. The aim of this analysis is, therefore, to identify the limits of the NDB's sustainable finance framework, providing context to the next section's assessments of its engagement with SDG 9 - paving the way for policy interventions to address the 'New in the NDB'.

The first document is the bank's first five-year general strategy (2017-2021). It lays out how the NDB intends to fulfil its mandate to establish itself as a trusted provider of development finance both for the BRICS and also generally for the Global South (NDB 2017b). Reinforcing the claims of originality previously described, it argues that the NDB intends to be "new" in three broad areas: (i) relationships, (ii) projects/instruments and (iii) approaches. These areas pave the way for materialising the bank's claims of originality - respectively defined in (i) the principles of member equality in its corporate governance, (ii) its focus on sustainable infrastructure projects and (iii) its intention to build its capital base by issuing green bonds denominated in national currencies. In terms of new relationships, the notions of equality, mutual respect and national sovereignty are reflected in the bank's internal governance by adopting an evenly distributed voting structure.

In terms of new projects and instruments, the general strategy places sustainable infrastructure investment at the core of NDB's activities, mandating the bank to dedicate at least two-thirds of financing commitments to this area. Sustainable infrastructure finance is defined as "infrastructure that incorporates economic, environmental and social criteria in its design, building and operation", adopting a strong sustainability approach to generate positive impacts in economic structures (NDB 2017b). In terms of the types of its operations, the bank's loan portfolio focuses on sovereign loans using country-system safeguards, as guarantees and private equity were expected to increase as the bank gained scale. Additionally, the NDB's aim to build its capital base via green bonds in local currencies such as the Chinese Panda Bonds - renminbi-denominated bonds issued by foreign entities in China's domestic market, allowing institutions like the NDB to raise local currency funding for infrastructure and sustainable development projects while reducing foreign exchange risk - depicts a truly green bank, both in the operations and funding sides. As analysed in the following section, not all of those missions have been achieved.

As for its new approaches, the bank aimed at being a fast and flexible MBD by adapting this business model to reduce project review, implementation and disbursement delays (NDB 2017b). Operating with a non-resident board of governors, the bank works closely with regional offices and a strong network of partner DFIs, such as NDBs, whose main function is to identify and prepare bankable projects to cut administrative costs. Assessing the accomplishment of the NDB's first general strategy, Figure 2 provides the financial indicators used to provide a roadmap of where the bank should be by the end of its first strategy in 2021. In detail, it contrasts loan approvals and disbursements in two forecasted scenarios - optimistic and pessimistic - with the registered ones. As shown, the bank's performance is barely above the pessimistic scenario due to a mix of internal and external aspects, further explored in the next section's evaluation of NDB's claims of originality.

The second document (NDB 2017c) on ESG is divided into two parts: Part 1 on Environmental and Social Policy guidelines for the project's operations, and Part 2 on Environmental and Social Standards setting requirements for stakeholders of the bank's operations. It specifies that the bank operations follow country-system safeguards for product implementation by ranking the projects according to their social and environmental risk in three categories: A, B, and C, from riskier to less risky in terms of environmental safeguards and socioeconomic risks. It also defines an exclusion list of sectors that do not comply with its ESGs, but does not mention how country-specific safeguards are complemented when legislation is insufficient, thus not effectively providing alternatives to ESG.

X	2016	2017	2018	2019	2020	2021
<b>Predicted by the AoA</b>						
<b>Yearly Contributions to Paid-in Capital</b>	1,000	1,200	1,300	1,500	1,500	1,750
<b>Paid-in Capital (cumulative)</b>	1,000	2,200	5,000	6,500	8,250	10,000
<b>Forecasted - Pessimistic Scenario</b>						
<b>Loan Approvals (per year)</b>	1,500	2,500	4,000	6,000	8,000	10,000
<b>Cumulative Loan Approvals (total)</b>	1,500	4,000	8,000	14,000	22,000	32,000
<b>Loan Disbursements (per year)</b>	0	700	1,350	2,600	4,100	5,850
<b>Cumulative Loan Disbursements (year-end)</b>	0	700	2,050	4,650	8,750	14,600
<b>Forecasted - Optimistic Scenario</b>						
<b>Loan Approvals (per year)</b>	1,500	3,000	5,000	8,000	12,000	15,000
<b>Cumulative Loan Approvals (total)</b>	1,500	4,500	9,500	17,500	29,500	44,500
<b>Loan Disbursements (per year)</b>	0	750	1,550	3,150	5,350	8,100
<b>Cumulative Loan Disbursements (year-end)</b>	0	750	2,300	5,450	10,800	18,900
<b>Registered - Realistic Scenario</b>						
<b>Loan Approvals (per year)</b>	1,544	1,851	4,697	7,192	10,277	6,928
<b>Cumulative Loan Approvals (total)</b>	1,544	3,395	8,092	15,284	25,561	32,489
<b>Loan Disbursements (per year)</b>	0	24	626	1,544	6,612	6975 <sup>3</sup>
<b>Cumulative Loan Disbursements (year-end)</b>	0	24	650	2,194	8,806	15781 <sup>3</sup>
*Note: Based on the assumptions of no reserve accumulation, no contributions to capital from new members, no amortizations.						

**Figure 2:** Selected financial indicators on the NDBs strategy and reality, USD million, Source: NDB's strategy document (2017b) and NDB's Annual Report (2020a)

The third document (NDB 2020b) sets the guidelines for the NDB to promote sustainable infrastructure projects via green financial instruments. This document is divided into two parts: (i) the Objectives of the bank's green strategy and (ii) an Overview of the eligible sectors for green and social bonds, as well as setting impact indicators to assess the specific projects. When compared to the first document, this document adopts a less vague tone by conceptualising sustainable finance as the key driver of the bank's strategy to finance infrastructure investment via green and social bonds. This is an improvement from the ESG document. However, since it adopts a de-risking paradigm, it does not tackle the risks that green finance may pose to enhance currency and ecological hierarchies. Additionally, the document does not make any mention of how the bank's sustainable finance framework can help achieve the SDGs by partnering up with local DFIs such as NDBs. In this sense, neither the bank establishes a dialogue with the extended sustainable development community, nor does it set the space in which it aims to finance the ecological transitions in the BRICS. As these challenges are not addressed, it's not clear how the NDB achieves sustainability.

On a broader critical note, these three documents are still quite vague when it comes to defining and achieving sustainable development in the NDB's operations. In particular, its reliance on a single definition of sustainability is limiting since it implies a homogenising set of goals for such a diverse group of countries (Vazquez et al. 2017). Future research should analyse that for the NDB to position itself as a mission-oriented institution to finance the BRICS ecological transitions, a shared commitment to strong sustainability is required by articulating its sustainable framework with the specific country challenges of the ecological transition in each of its members. This illustrates the need for the bank to rethink its green framework in its next 5-year strategy, addressing the 'new in the NDB' to consolidate it as a full member of the development finance community.

#### 4. Evaluating the limits of NDB's claims of originality in sustainable finance \*

Assessing the 'new in the NDB', this section consists of an empirical evaluation of the bank's operations, aiming to verify its success in materialising its three claims of originality. As mentioned in the last section, there are: (i) the principle of member equality, (ii) its focus on sustainable infrastructure investment and (iii) its issuance of green bonds denominated in local currencies. Together, they materialise the bank's strategy to help close the infrastructure investment gap in the Global South and advance on the BRICS' ecological transitions. Indeed, these claims manifest themselves in the bank's portfolio and should be systematically evaluated to assess its mission effectiveness. Therefore, an empirical assessment of the claims of originality provides important policy implications to address the 'new in the NDB', that is, to effectively position the bank as a mission-oriented institution to finance the ecological transition in the BRICS countries.

In terms of methodology, to empirically assess the extent to which the NDB implemented its first strategy, this section relies on the construction of a detailed operations dataset from the information available on the NDB's website by web scraping (NDB 2022). To make the analysis comparable with an assessment of its first five-year strategy, the dataset covers the period from 2016 to 2021. Additionally, the bank's annual reports were used to orient the exploration of the data and to provide a longer time frame of analysis (NDB 2020a; NDB 2019; NDB 2018; NDB 2017a; NDB 2016). In future research, this empirical analysis should be integrated with a more contextualised approach to assess the bank's mission in relation to the BRICS transitions agendas.

This paper's quantitative contribution, the following figures provide a graphical review of the bank's operations by showcasing the number of projects and the bank's portfolio in thousands of dollars. It starts with Figure 3, displaying the number and total portfolio of loan approvals and disbursements per year. Assessing the 3 claims of originality, first figure 4 depicts the approvals by country to illustrate its equality, then figure 5 analyses the key areas of operations focusing on sustainable infrastructure investment and lastly, figures 6 and 7 focus on the operations' type to assess its local currency focus. The figures are followed by brief interpretations to evaluate the extent to which the NDB facilitates BRICS sustainable development, articulating its opportunities ahead. Further specifications on the NDB's project dataset are found in Figures 8 and 9.<sup>3</sup>

Established as the main BRICS financial institution for development cooperation, the effectiveness of the NDB in financing sustainable development depends on building a robust and diversified

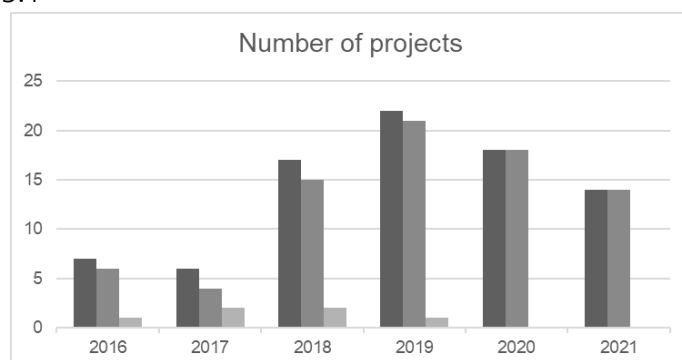
3 This study employs a qualitative and quantitative analysis of the New Development Bank's (NDB) financial statements, strategic documents, and publicly available project data. Data was collected through a combination of document review, official NDB reports, and publicly accessible online sources. Web scraping techniques were used to extract project-level data from the NDB's official website, ensuring accuracy through cross-validation with other institutional reports and financial disclosures. While the study primarily relies on secondary data, additional insights were drawn from academic literature and policy documents to contextualize the findings within the broader landscape of multilateral development finance.

4. Figure 11 provides a reduced version of the dataset with all NDB's approved operations and a link for the full database. Figure 12 presents a table with the distribution of the operations by sector, country, type and currency

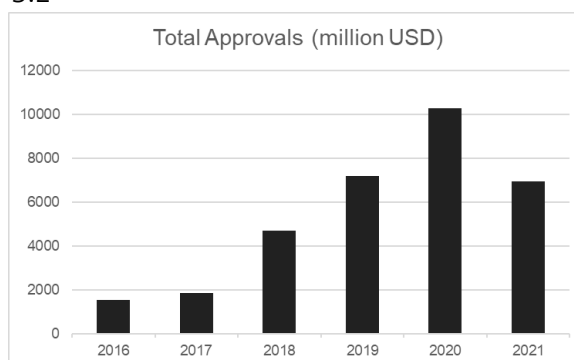
portfolio of operations that is compatible with its main strategies. As shown in Figure 3, the Bank's cumulative approvals net of cancellations consist of 78 operations summing up to USD 30.4 billion (NDB 2022). In recent years, the bank accelerated its efforts to increase in portfolio size and speed, bringing total disbursements to USD 6.9 billion in 2020. This amount is considerable for the seventh year of operation, with a remarkable acceleration of approvals and disbursements between 2019 and 2020. As seen previously, even though the total commitments amount is higher than the AIIB's, the NDB is significantly slower in disbursing its loans (NDB 2022a).

It should be noted, however, that in its first six years, the bank has faced important internal and external challenges to increase its disbursements proportionally to the total loan portfolio.<sup>4</sup> According to Figure 3, cumulative disbursements started at a very low level in 2018, below 10% of total commitments, and only stepped up in 2020, when they represented 35% of their commitments. In 2020, the bank's COVID-19 fast-track credit line for emergency projects bumped up disbursements, as the success of this facility illustrates that adaptability is essential in a demand-driven institution. As one of its main challenges ahead for its next general strategy, the NDB needs to step up its disbursements to fully consolidate itself as an important member of the DFI community, thus providing an important lesson for the bank's second general strategy (NDB 2022j).

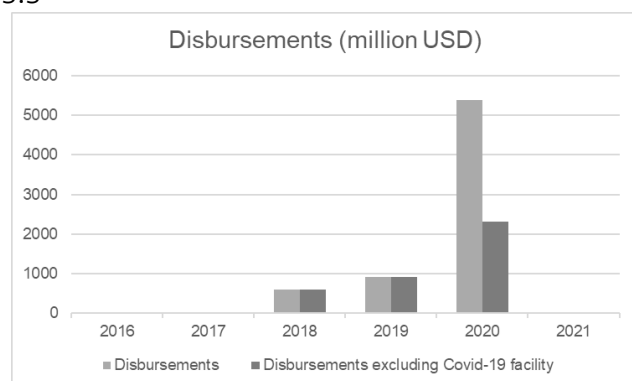
## 3.1



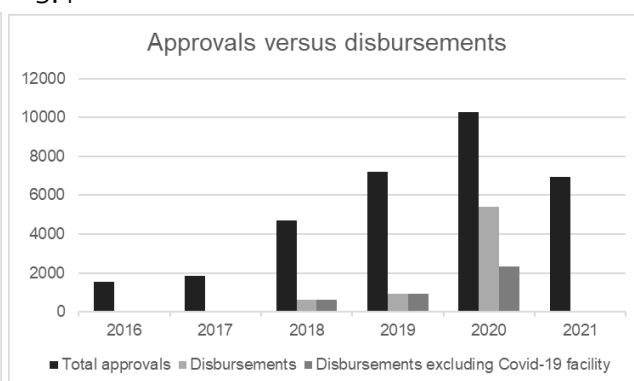
## 3.2



## 3.3



## 3.4



**Figure 3:** Overview of approvals and disbursements in thousands of USD, 2016-2021. Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

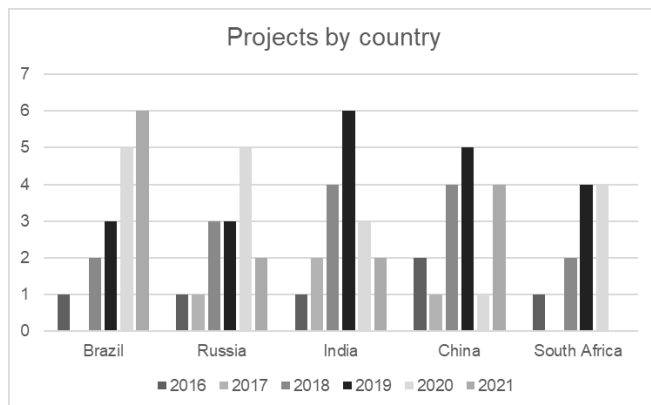
To evaluate the member equality principle, the project distribution by country is depicted in Figure 4. It shows that, even if the bank's portfolio is lightly concentrated in China and India (24% and 23 %) at the expense of South Africa and Russia (18% and 16 %),<sup>5</sup> it has become more balanced

<sup>4</sup> Internally, the bank's Shanghai HQs was only fully operational in 2021. Externally, the pandemic and the geopolitical conflicts involving Russia and Ukraine implied a slower and bumpier path for the NDB to execute its strategy.

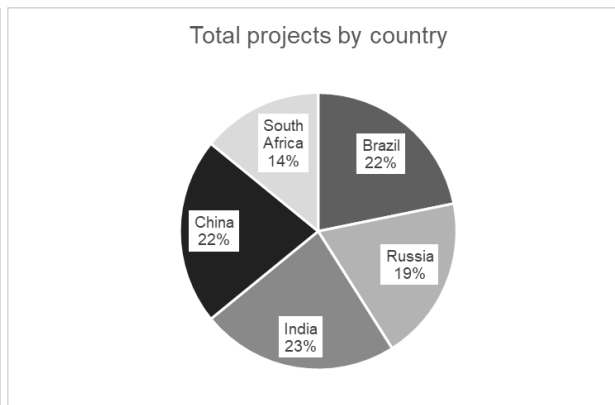
<sup>5</sup> To aggravate these imbalances, the NDB halted all its proposed projects in Russia due to the pressure of international credit rating agencies in the context of the financial sanctions deriving from the war between Russia and Ukraine.

as the NDB develops its capacity to work in all member countries by implementing its regional offices. The fact that regional offices scaled up the approval indicates a successful framework for future BRICS cooperation by further engaging with NDBs. A challenge ahead is that after expanding its membership, the NDB is yet to approve projects beyond the BRICS. If this move will alter the portfolio's geographic composition, it is a fundamental step to justify the NDB as a global MDB.

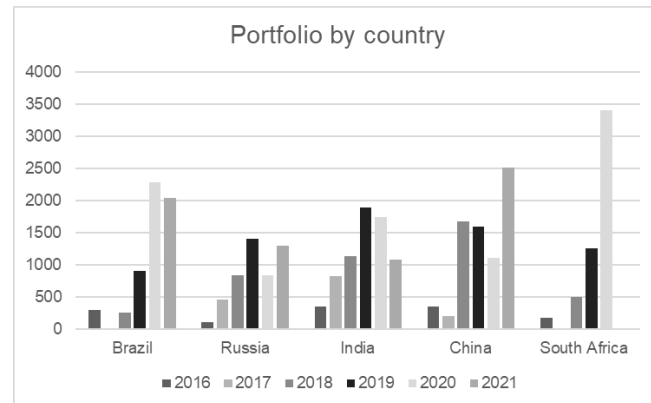
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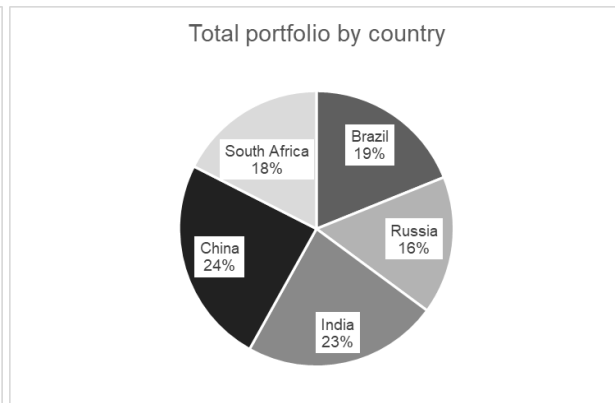
4.2



4.3



4.4



**Figure 4:** Portfolio by country (Principle of member equality), in thousands of USD. Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

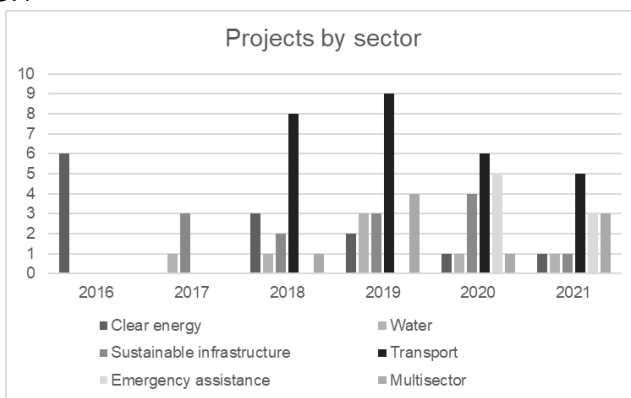
Concerning the bank's focus on sustainable infrastructure investment, Figure 5 provides a more detailed look into the sectoral distribution of the operations and its engagement with the SDGs. Initially, the bank focused mainly on clean energy projects (SDG 7), gradually moving towards projects on urban transportation (SDGs 8 and 11) or sustainable infrastructure (SDG 9). In 2020, in the context of the pandemic, the health emergency and recovery assistance credit line (SDG 3) overshadowed all other areas. Overall, the total portfolio is quite concentrated on transportation and emergency assistance 32% and 27%), followed by sustainable infrastructure and cleaner energy 16% and 12%). It should be noted, however, that this classification reflects criteria which are, to a great extent, arbitrary, as most projects have structural implications for more than one sector and SDG at a time.

Given the inseparability of the SDGs, it is difficult to effectively assess the bank's commitment to allocate at least two-thirds of its commitments into operations described as sustainable infrastructure investment (SDG9). To try to assess this claim of originality, I define projects as belonging to this category if they comply with two criteria: (i) having minimum environmental impacts (ESG criteria B or C) and (ii) having their primary SDG alignment related to economic infrastructure (SDGs 6, 7, 8, 9, 11 and 17). In short, this excludes projects with high environmental risks (ESG A) and health

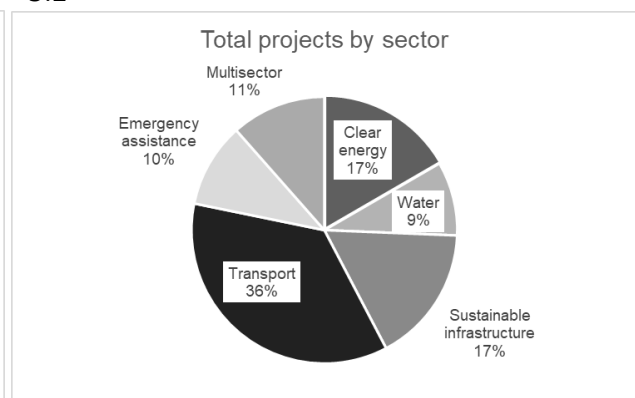
or social infrastructure projects (SDGs 3, 4 and 12). Following these criteria, only 41 projects, summing up to 39% of the portfolio, could be classified as sustainable infrastructure investment - below the 66% target present in the first five-year strategy. The bank's underperformance in this area is understandable since development finance priorities changed with the urgent character of the pandemic. However, it indicates that the NDB's focus on sustainable infrastructure should be reviewed to broaden the institution's mandate towards financing the BRICS ecological transitions.

The third claim of originality in the NDB is its commitment to local currencies, providing emerging countries' access to sovereign-backed loans and issuing green bonds without increasing their external vulnerability. Indeed, as seen in Figure 6, 85% of the bank's portfolio consists of sovereign operations. However, in Figure 7, loans not denominated in hard currencies represent 28% of the portfolio. Even if this is a relatively high value for MDBs, there is room for further improvements. Especially because most of the local currency-denominated approvals and bond issuances were concentrated in yuan in the first years of operations, even though approvals in rands and rubies were also registered. All in all, as the bank benefits from its access to Chinese financial markets, it is yet to capitalise on other members' markets - reflecting the BRICS bloc's internal imbalances.

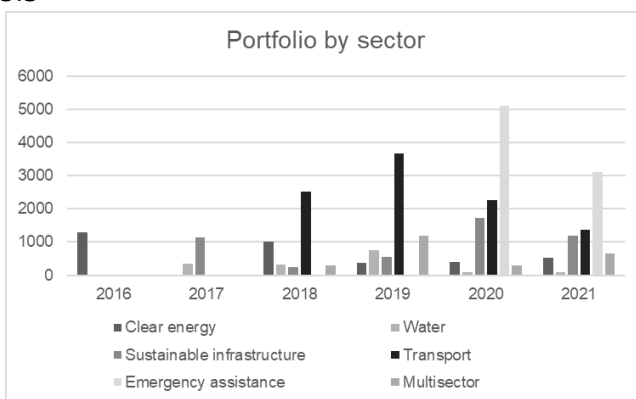
5.1



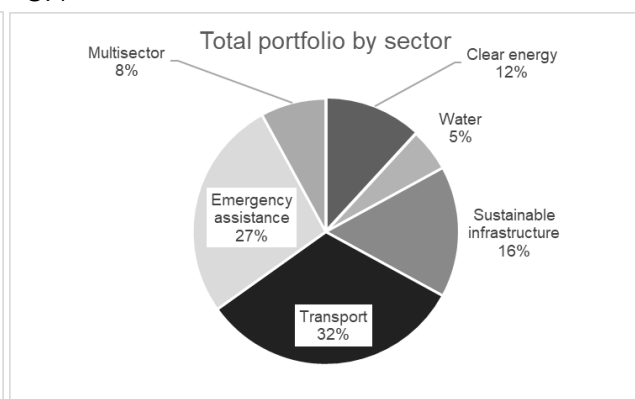
5.2



5.3

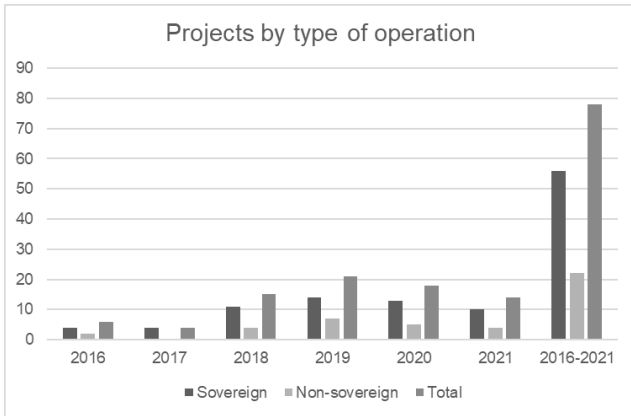


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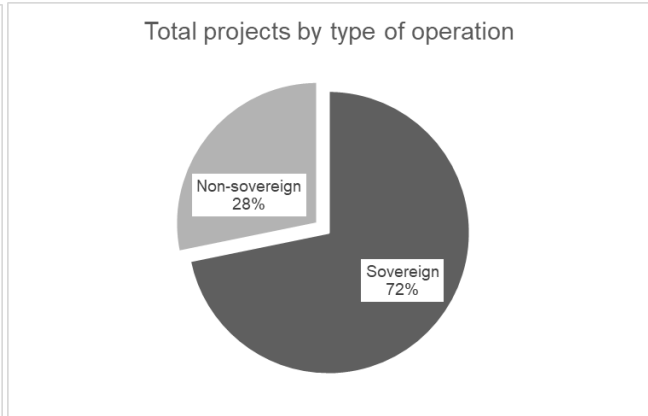


**Figure 5:** Portfolio by key area of operation (Sustainable infra), in thousands of USD. Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

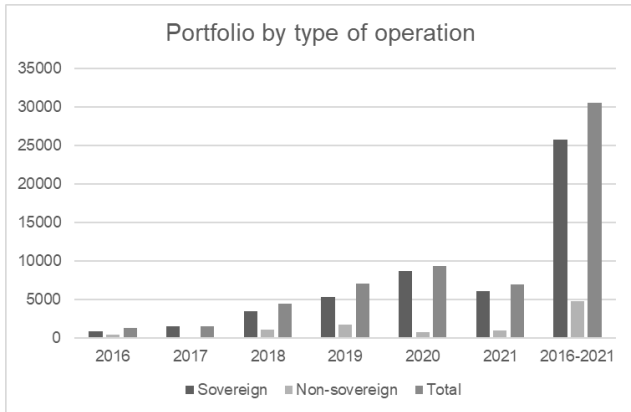
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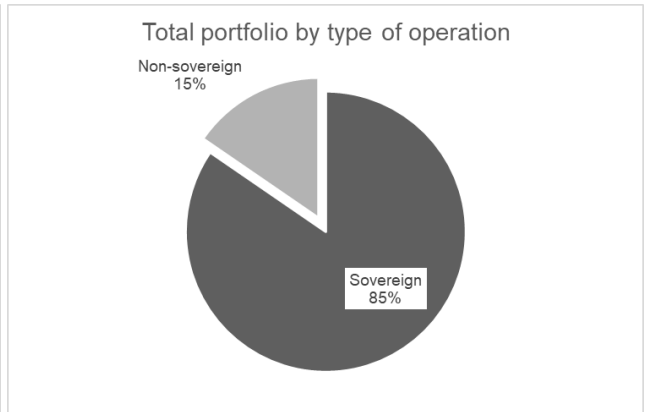
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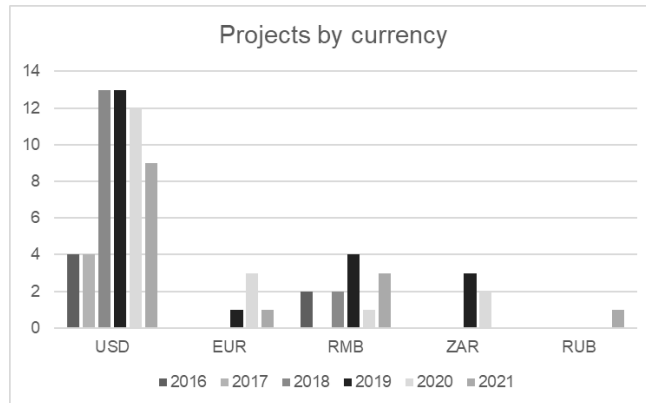


6.4

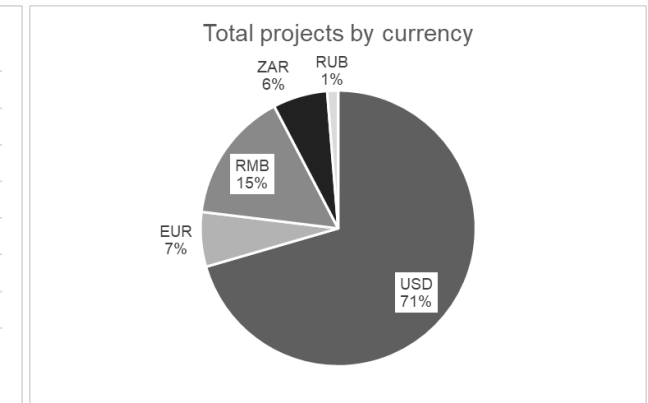


**Figure 6:** Portfolio by type of operation (funding source), in thousands of USD. Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

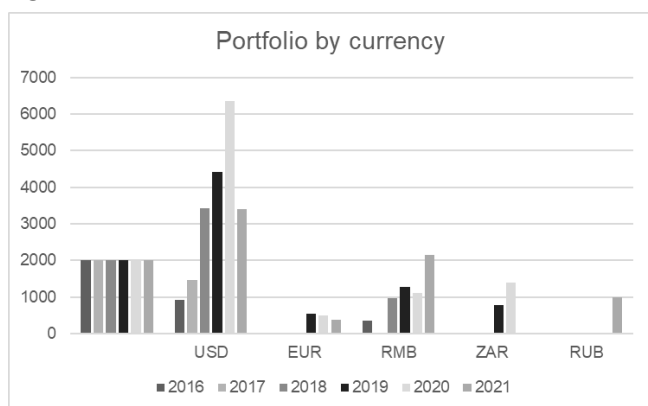
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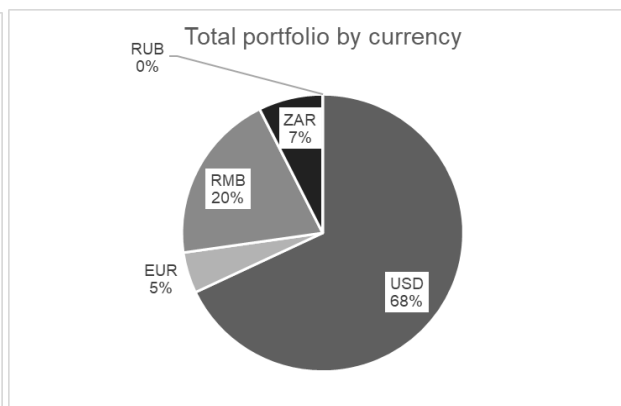
7.2



7.3



7.4



**Figure 7:** Portfolio by currency of operation (Use of local currencies), in thousands of USD.  
Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

The main findings of this empirical analysis partially corroborate the NDB's claims of originality and highlight the bank's challenges and opportunities ahead. Before wrapping up this paper, the rest of this section provides a discussion on the main results of the empirical analysis to assess the 'New in the NDB'. Firstly, the principle of equality defined in the articles of agreement in terms of the voting rights of each member does not fully translate into the bank's portfolio since there is a light concentration of project approvals towards India and China at the expense of Russia and South Africa. Even if a certain level of imbalances is expected given the greater appetite for investments in the bigger economies, the activities of the regional offices seem to contribute to balancing out these discrepancies. In this sense, this claim of originality is validated, but should be continuously assessed given the impacts of the bank's membership expansion and the halting of the bank's projects in Russia in the context of the financial sanctions deriving from the Russian-Ukrainian war.

As for the two other claims of originality, the bank's focus on sustainable infrastructure investment and capitalisation via green bonds denominated in local currencies, the NDB's performance is much more nuanced. On the former, in the context of the pandemic, the NDB could not keep up to its general strategy promise of investing two-thirds of its portfolio in sustainable infrastructure investment. On the latter, even if the bank succeeded in approving loans and capitalising mainly in dollars, euros and yuan, there is room for improvements when developing activities in reais, rublos, rupees and rands - facilitating the BRICS' access to climate finance. As argued, both findings highlight the case for broadening the bank's mandate beyond closing the infrastructure gap towards positioning itself as a mission-oriented institution to finance the BRICS ecological transitions.

To understand these opportunities, further research is needed to assess the NDB's sustainable development paradigm. Beyond the paper's scope, a qualitative assessment of the bank's projects and their engagement with the ecological transition agendas in the BRICS should be integrated into the analysis. Given the need to truly address the 'new in the NDB', the goal of future research is to understand how the bank can position itself as a mission-oriented institution to finance the BRICS's ecological transitions. It argues that, to accomplish this mission, a shared commitment to strong sustainability is required by articulating the bank's operations with the country-specific challenges of the transitions by partnering up with other institutions, civil society and academic partners. This illustrates the need for the NDB to rethink its sustainable strategy, addressing the 'new in the NDB' to consolidate it as a full member of the development community.

Number	Year	Country	PROJECT NAME	LOAN AMOUNT
2	2016	China	Lingang Distributed Solar Power Project	RMB 525 m (USD 81 m)
4	2016	South Africa	Project Finance Facility for Eskom	USD 180 m
3	2016	Brazil	Financing of Renewable Energy Projects and Associated Transmission (BNDES)	USD 300 m
5	2016	Russia	Two Loans to EDB and IIB for Nord-Hydro	USD 100 m
7	2016	China	Putian Pinghai Bay Offshore Wind Power Project	RMB 2 bn (USD 298 m)
6	2016	India	Madhya Pradesh Major District Roads Project	USD 350 m
10	2017	India	Madhya Pradesh Multi Village Water Supply Project	USD 470 m
9	2017	China	Jiangxi Industrial Low Carbon Restructuring and Green Development Pilot Project	USD 200 m
11	2017	Russia	Judicial System Support Project	USD 460 m
12	2017	India	Rajasthan Water Sector Restructuring Project	USD 345 m
17	2018	Brazil	Pará Sustainable Municipalities Project	USD 50 m
14	2018	Russia	Volga Water Supply and Sanitation Systems Project	USD 320 m
20	2018	India	Bihar Rural Roads Project	USD 350 m
15	2018	Russia	Small Historic Cities Development Project	USD 220 m
23	2018	Brazil	Environmental Protection Project	USD 200 m
22	2018	South Africa	Greenhouse Gas Emissions Reduction and Energy Sector Development Project	USD 300 m
21	2018	China	Luoyang Metro Project	USD 300 m
25	2018	India	Madhya Pradesh Major District Roads II Project	USD 350 m
24	2018	India	Madhya Pradesh Bridges Project	USD 175 m
26	2018	Russia	Sustainable infrastructure in relation to "ZapSibNefteKhim" Project	USD 300 m
27	2018	China	Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project	RMB 2 bn
29	2018	China	Jiangxi Natural Gas Transmission System Development Project	USD 400 m
28	2018	China	Hohhot New Airport Project	RMB 4.2 bn
30	2018	India	Mumbai Metro Rail Project	USD 260 m
16	2018	South Africa	Durban Container Terminal Berth Reconstruction Project	USD 200 m
33	2019	South Africa	Lesotho Highlands Water Project Phase II	Rand 3.2 bn
35	2019	China	Zhejiang Green Urban Project – Shengzhou Urban and Rural Integrated Water Supply and Sanitation Project Phase II	RMB 825 m
34	2019	South Africa	Renewable Energy Sector Development Project	ZAR 1.15 bn
32	2019	South Africa	Environmental Protection Project For Medupi Thermal Power Plant	USD 480 m
31	2019	China	Chongzuo Water Resource Rehabilitation and Ecological Conservation Project	USD 300 m
38	2019	China	Lanzhou New Area Regional Hub Multimodal Logistics and Transport Infrastructure Demonstration Project	RMB 2,511.9 m
37	2019	China	Ningxia Yinchuan Integrated Green Transport Development Project	RMB 2,100 m
36	2019	India	Assam Bridge Project	USD 300 m
40	2019	Russia	Development of Renewable Energy Sector in Russia Project	USD 300 m
41	2019	South Africa	South African National Toll Roads Strengthening and Improvement Programme	ZAR 7.0 bn
39	2019	India	Andhra Pradesh Road Sector Project	USD 646 m
43	2019	India	REC Renewable Energy Sector Development Project	USD 300 m
44	2019	Brazil	North Region Transportation Infrastructure Improvement Project	USD 300 m
46	2019	India	Manipur Water Supply Project	USD 312 m
45	2019	China	Huangshi Modern Tram Project	RMB 2.76 bn
47	2019	India	Indore Metro Rail Project	USD 225 m
48	2019	Brazil	Patria Infrastructure Fund IV	Up to USD 100 million
42	2019	Brazil	Fundo Clima – Brazil National Climate Fund Project	USD 500 m
56	2020	India	National Investment and Infrastructure Fund: Fund of Funds – I	USD 100 million (EQUIVALENT IN INR)
81	2020	Russia	Locomotive Fleet Renewal Program	USD 550 million (approx.)
49	2020	Russia	Development of Educational Infrastructure for Highly Skilled Workforce	EUR loan equivalent to USD 500 million
54	2020	China	NDB Emergency Assistance Program in Combating COVID-19	RMB 7 billion
58	2020	South Africa	COVID-19 Emergency Program	USD 1 billion
83	2020	South Africa	COVID-19 Emergency Program Loan for Supporting South Africa's Economic Recovery from COVID-19	Up to USD 1 billion
59	2020	Brazil	Teresina Educational Infrastructure Program	USD 50 million
60	2020	South Africa	Battery Energy Storage Project	Up to ZAR 6,000 million (approx. USD 400 million)
61	2020	Russia	Small Historic Cities Development Project Phase II	EUR 205 million
63	2020	Brazil	Emergency Assistance Program in Combating COVID-19	USD 1 billion
66	2020	Russia	Water Supply and Sanitation Program in Russia	USD 100 million
64	2020	India	Mumbai Metro Rail II (Line 6 Project)	USD 241 million
68	2020	Russia	Russian Maritime Sector Support Program	EUR 100 million
67	2020	Russia	Toll Roads Program in Russia	USD 100 million
65	2020	India	Delhi-Ghaziabad-Meerut Regional Rapid Transit System Project	USD 500 million
72	2020	Brazil	Brazil Emergency Assistance Program for Economic Recovery	USD 1.0 billion
71	2020	Brazil	Curitiba's Bus Rapid Transit Rideability Improvement Project	USD 75.00 million
73	2020	India	COVID-19 Emergency Program Loan for Supporting India's Economic Recovery	USD 1.0 billion
84	2020	South Africa	The National Non-Toll Roads Management Program	USD 1 billion
74	2020	Brazil	BRDE Urban, Rural and Social Infrastructure Program to achieve the SDGs	Up to EUR 134.64 million equivalent
75	2020	Russia	Cellular Network and Cloud Services Expansion Project	USD 300 million
76	2020	China	Emergency Assistance Program in Supporting China's Economic Recovery from COVID-19	RMB 7 billion
77	2020	China	Beijing Gas Tianjin Nangang LNG Emergency Reserve Project	EUR 436 million (equivalent to RMB 3.4 billion)
82	2020	Russia	COVID-19 Emergency Program Loan for Supporting Russia's Healthcare Response	Up to USD 1 billion equivalent
78	2020	Brazil	PARA II – Transport Infrastructure for Regional Development	USD 153 million
57	2020	India	Emergency Assistance Program in Combating COVID-19	USD 1 billion
70	2020	Brazil	BNDES-NDB Sustainable Infrastructure Project	Up to USD 1.2 billion equivalent
	2021	Brazil	(Brazil) FONPLATA Sustainable Infrastructure Project	USD 62.5 million
85	2021	Brazil	BNDES Clima – Sustainable Financing to Support Global Climate Change Mitigation and Adaptation in Brazil	USD 500 million
86	2021	China	Anhui Green Roads Demonstration Project	EUR 340 million
87	2021	Brazil	Sorocaba Mobility and Urban Development Project	USD 40 million
88	2021	Russia	Affordable Housing and Urban Development Program	Up to USD 300 million
93	2021	India	Himachal Pradesh Rural Water Supply Project	USD 80 million
95	2021	China	Qingdao Metro Line Six (Phase I) Project	RMB 3,237 million
96	2021	Brazil	Desenvolve SP Sustainable Infrastructure Project	USD 90 million

**Figure 8:** All NDB's operations database, 2016-2021. Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

Overview of approvals and disbursements							
Overview							
	2016	2017	2018	2019	2020	2021	2016-2021
Approved projects	7	6	17	22	18	14	84
Full cancellations	1	2	2	1	0	0	6
Active projects	6	4	15	21	18	14	78
Total approvals	1544	1851	4697	7192	10277	6928	32489
Portfolio of active projects	1280	1475	4400	6507	9874	6924	30460
Disbursements	-	24	601	915	5383	N/A	6931
Disbursements excluding Covid-19 facility	-	24	601	915	2313	N/A	3861
Approvals by target area of operation							
Number							
	2016	2017	2018	2019	2020	2021	2016-2021
Clear energy	6	0	3	2	1	1	13
Water	0	1	1	3	1	1	7
Sustainable infrastructure	0	3	2	3	4	1	13
Transport	0	0	8	9	6	5	28
Emergency assistance	0	0	0	0	5	3	8
Multisector	0	0	1	4	1	3	9
<b>Total</b>	<b>6</b>	<b>4</b>	<b>15</b>	<b>21</b>	<b>18</b>	<b>14</b>	<b>78</b>
Volume							
	2016	2017	2018	2019	2020	2021	2016-2021
Clear energy	1280	0	1015	376	400	530	3601
Water	0	345	320	742	100	80	1587
Sustainable infrastructure	0	1130	250	550	1723	1200	4853
Transport	0	0	2515	3659	2251	1374	9799
Emergency assistance	0	0	0	0	5100	3100	8200
Multisector	0	0	300	1180	300	640	2420
<b>Total</b>	<b>1280</b>	<b>1475</b>	<b>4400</b>	<b>6507</b>	<b>9874</b>	<b>6924</b>	<b>30460</b>
Approvals by type of operation							
Number							
	2016	2017	2018	2019	2020	2021	2016-2021
Sovereign	4	4	11	14	13	10	56
Non-sovereign	2	0	4	7	5	4	22
<b>Total</b>	<b>6</b>	<b>4</b>	<b>15</b>	<b>21</b>	<b>18</b>	<b>14</b>	<b>78</b>
Volume							
	2016	2017	2018	2019	2020	2021	2016-2021
Sovereign	880	1475	3400	5300	8666	6038	25759
Non-sovereign	400	0	1000	1726	685	890	4701
<b>Total</b>	<b>1280</b>	<b>1475</b>	<b>4400</b>	<b>7026</b>	<b>9351</b>	<b>6928</b>	<b>30460</b>
Approvals by country							
Number							
	2016	2017	2018	2019	2020	2021	2016-2021
Brazil	1	0	2	3	5	6	17
Russia	1	1	3	3	5	2	15
India	1	2	4	6	3	2	18
China	2	1	4	5	1	4	17
South Africa	1	0	2	4	4	0	11
<b>Total</b>	<b>6</b>	<b>4</b>	<b>15</b>	<b>21</b>	<b>18</b>	<b>14</b>	<b>78</b>
Volume							
	2016	2017	2018	2019	2020	2021	2016-2021
Brazil	300	0	250	900	2275	2033	5758
Russia	100	460	840	1400	835	1300	4935
India	350	815	1135	1883	1741	1080	7004
China	350	200	1675	1588	1100	2515	7428
South Africa	180	0	500	1256	3400	0	5336
<b>Total</b>	<b>1280</b>	<b>1475</b>	<b>4400</b>	<b>7027</b>	<b>9351</b>	<b>6928</b>	<b>30461</b>
Approvals by currency							
Number							
	2016	2017	2018	2019	2020	2021	2016-2021
USD	4	4	13	13	12	9	55
EUR	0	0	0	1	3	1	5
RMB	2	0	2	4	1	3	12
ZAR	0	0	0	3	2	0	5
RUB	0	0	0	0	0	1	1
<b>Total</b>	<b>6</b>	<b>4</b>	<b>15</b>	<b>21</b>	<b>18</b>	<b>14</b>	<b>78</b>
Volume							
	2016	2017	2018	2019	2020	2021	2016-2021
USD	930	1475	3425	4413	6366	3413	20022
EUR	0	0	0	550	485	373	1408
RMB	350	0	975	1288	1100	2142	5855
ZAR	0	0	0	776	1400	0	2176
RUB	0	0	0	0	0	1000	1
<b>Total</b>	<b>1280</b>	<b>1475</b>	<b>4400</b>	<b>7027</b>	<b>9351</b>	<b>6928</b>	<b>30461</b>

**Figure 9:** Overview of the NDB's operations, 2016-2021. Source: Author's elaboration based on the NDB's website project directory (NDB 2022)

## Conclusions

This paper has provided an institutional analysis of the first five years of operation, defining the 'new' in the New Development Bank (NDB). Building on this analysis, it proposes strategic shifts to enhance the bank's role as a pivotal co-financier of ecological transitions within the BRICS nations. Through the study of the bank's first documents, the research critically evaluates the NDB's purported claims of originality and outlines policies for enhancing its role in development financing.

The findings suggest that, while the NDB presents promising attributes and de facto claims of originality, it faces significant challenges in fully engaging with its sustainable development agenda. The bank's three claims of originality are positioned into a theoretical framework emphasising the need for a reform of the international financial architecture to finance ecological transitions. Building upon this foundation, the paper positions the NDBs in a unique position within the BRICS cooperation, attesting to its departure from the traditional Multilateral Development Bank (MDB) model. However, it also highlighted shortcomings in the NDB's sustainability framework. To substantiate these claims, further research provides case studies to qualitatively assess the alignment of NDB projects with the specific challenges of the BRICS+ ecological transitions – see Braga, De Conti and Magacho (2022). The analysis underscores the need for the NDB to open towards partnerships to co-finance these transitions. Hence, for the bank to cement its status as a key player in the BRICS+, it must broaden its engagement with the extended development community.

All in all, the NDB represents the preferred mechanism for development finance cooperation among the BRICS nations, challenging traditional architectures of development finance. However, internal limitations within the bank must be addressed continuously to realise its transformative potential fully. To do so, future general strategies of the NDB could embrace a mission-oriented approach to development finance, aligning its focus on sustainable infrastructure investment with the specific challenges of ecological transitions. This necessitates opening its corporate strategy to broader engagement with the BRICS development community and potentially expanding its membership to other BRICS+ countries, thus becoming a truly global and sustainable development bank.

If the NDB rises to these challenges and continues its trajectory of reforming the international financial architecture from within, it will indeed fulfil its mandate to address the 'new' in development finance and contribute significantly to sustainable development agendas worldwide.

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# International Sanctions and Economic Restructuring: Modelling the BRICS Monetary Initiative as Counter-Power

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## Abstract

This paper explores the BRICS (Brazil, Russia, India, China, South Africa) monetary initiative in the context of international sanctions and economic restructuring. Since 2014, Russia, faced with severe sanctions after the annexation of Crimea, has reoriented its trade relations towards non-Western partners, particularly within the BRICS. This situation has catalysed thinking about the creation of a common currency to reduce dependence on the US dollar and the euro, currencies often used to exert economic pressure. The BRICS currency project aims to strengthen the economic autonomy of member countries and develop an alternative to Western-dominated monetary systems. The study models the impact of sanctions on Russia's trade flows using the ARIMAX model, incorporating exogenous variables such as economic sanctions. By simulating different scenarios (lifting, maintaining, or intensifying sanctions), the projections highlight the adaptability of Russian trade flows in the face of geopolitical and economic changes.

Finally, the paper examines the challenges associated with the introduction of a common BRICS currency, including the management of economic stability within heterogeneous economies and issues related to monetary governance. Economic simulations detail the potential effects of this monetary system on growth, inflation and exchange rates, depending on different levels of economic integration between the group's members.

## BRICS in Context

Since the beginning of the 21st century, global geopolitical dynamics have undergone profound change, characterised by the emergence of new economic powers, among which the BRICS countries (Brazil, Russia, India, China, South Africa) play a central role. This group of nations, representing almost 40% of the world's population and around 25% of global GDP, has gradually asserted its influence on the international stage. Against a backdrop of asymmetrical globalisation, where the rules of the global economic game are dominated by Western financial institutions and traditional currencies such as the US dollar and the euro, the BRICS monetary initiative appears to be a bold attempt to redefine the world economic order.

The project for a common currency within the BRICS cannot be analysed without considering international sanctions, which have often served as a lever of pressure in international economic and political relations. The imposition of economic sanctions, notably by the European Union and the United States, against powers such as Russia, has catalysed reflection on the need for the BRICS to set up independent economic and monetary mechanisms. By limiting access to international financial

markets, these sanctions have disrupted trade flows and foreign direct investment, creating a need for economic restructuring in the targeted countries. Against this backdrop, the BRICS have found themselves in a strategic position to propose alternatives that not only strengthen their economic resilience but also challenge the hegemony of the US dollar as the main international currency of exchange. The idea of a common currency for the BRICS is based on the desire to weaken excessive dependence on current reserve currencies, notably the dollar and the euro, which are frequently used as tools of coercion in contexts of economic sanctions. The sanctions imposed on Russia in 2014, following the annexation of Crimea, marked a major turning point in this thinking. The freezing of Russian assets in Western financial institutions and the restriction of international transactions demonstrated the vulnerability of a global power to sanctions. This framework led the BRICS to consider the creation of a common financial infrastructure capable of bypassing traditional systems such as SWIFT, and to envisage the introduction of a common currency. Such a system would aim to ensure smooth commercial transactions between members, and to strengthen the economic autonomy of each vis-à-vis the world's major financial centres.

However, such a monetary project raises considerable challenges. On the one hand, the BRICS economies display significant structural heterogeneity, both in terms of growth rates and macroeconomic stability. Inflation, exchange rates, trade deficits and foreign exchange reserves vary considerably from country to country. On the other hand, the integration of these different economies into a common monetary framework implies coordinated management of monetary policy, which requires significant compromises on the economic sovereignty of member states. The stability of this common currency will therefore depend on the BRICS' ability to harmonise their internal economic policies while absorbing the exogenous shocks imposed by fluctuations in world markets. In this context, modelling the economic and monetary dynamics between the BRICS countries becomes an essential tool for understanding the conditions of feasibility and viability of such an initiative. Economic models can be used to simulate various scenarios, including the impact of a common monetary system on trade flows, exchange rates and the financial stability of member countries. In addition, the modelling of international sanctions, which directly influence BRICS decisions, is a key element in understanding how these nations can build an economic counterweight to the restrictions imposed by the West.

The contribution of this article lies at the intersection of political economy, empirical modelling, and international monetary theory. While numerous studies have discussed the BRICS' ambitions to reform the global monetary architecture, few have combined empirical simulation techniques with a geopolitical analysis of the monetary consequences of sanctions. This research fills that gap by adopting a dual methodological strategy. First, it mobilises an ARIMAX (AutoRegressive Integrated Moving Average with Exogenous variables) model to estimate the macroeconomic impact of Western sanctions on Russia's trade flows, using actual historical data and applying structural shocks. This allows for a dynamic understanding of how international sanctions function not merely as diplomatic tools, but as catalysts for alternative financial strategies. Second, the article develops a forward-looking simulation of a BRICS monetary union, projecting the behaviour of key macroeconomic variables (output, inflation, trade volume, exchange rate) under different policy and coordination scenarios.

Beyond the modelling itself, this article contributes to the emerging literature framing the BRICS initiative as a form of economic counter-hegemony. Rather than viewing the project merely as a technical response to transactional frictions, we argue that it represents a deeper political repositioning in the global order, an attempt to reclaim monetary sovereignty and reduce vulnerability to coercive economic instruments. The narrative that structures this work posits sanctions not only as constraints but as triggers of systemic realignment. In this sense, the monetary project of the

BRICS cannot be understood independently of their shared strategic ambition to loosen the grip of the dollar-based system and develop autonomous circuits of value storage and trade.

By integrating empirical forecasting, scenario-based simulation, and structural geopolitical analysis, this article offers a comprehensive contribution to ongoing debates on de-dollarisation, sanction resilience, and the emergence of alternative monetary poles. The annexes provide disaggregated country-level simulations that reflect both convergence potentials and structural asymmetries among BRICS economies. Taken together, these elements support a more nuanced understanding of what a shared BRICS currency could achieve, and under which conditions it may evolve from political aspiration to economic reality.

### **Economic analysis of sanctions: Modelling the impact on trade and financial flows**

Since 2014, the Russian economy has faced unprecedented geopolitical challenges. Russia's annexation of Crimea in March 2014, a landmark event in the history of modern international relations, triggered a series of severe economic sanctions, radically altering the country's commercial landscape. The controversial referendum held in Crimea under Russian rule was seen by the international community, including the European Union, the United States and other Western powers, as a violation of international law and Ukraine's sovereignty. These sanctions had an immediate impact on the Russian economy, and the effects of these measures continue to influence the dynamics of international trade flows and the structure of the world economy today.

The annexation of Crimea in 2014 took place against a complex historical backdrop. Russia, seeking to assert its geopolitical influence in the region, exploited internal political tensions in Ukraine to intervene militarily, supporting pro-Russian groups. International reaction was swift. The European Union, the United States and several other Western powers imposed a first set of sanctions against Russia. These sanctions, largely targeted at key economic sectors such as energy, finance and defence, were designed to isolate Russia on the international stage and weaken its economy. Among the most significant measures were a ban on access to European and American financial markets for several major Russian state-owned companies, such as Gazprom and Rosneft, as well as restrictions on the export of advanced technologies used in the exploration and exploitation of hydrocarbons in the Arctic. The Russian banking sector has also been hit hard, with sanctions designed to limit the financing capacity of Russian banks on international markets. As a result, Russia's trade relations with its Western partners have deteriorated, leading to a significant drop in bilateral trade flows. For example, Russian exports to the European Union, its main trading partner, fell significantly from 2014 onwards, particularly in the energy sector. According to Eurostat, EU imports of Russian natural gas fell by almost 30% in the two years following the annexation of Crimea.

These sanctions not only impacted direct trade relations between Russia and the sanctioning countries but also had indirect effects on international economic relations as a whole. In response, Russia sought to redirect its trade flows towards new trading partners, in particular Asian countries such as China, India and the Middle East. This strategic pivot has been facilitated by strengthened bilateral agreements and initiatives such as the development of new energy corridors and the establishment of alternative financial systems to bypass restrictions imposed by the West. The most striking aspect of this reorientation is the strengthening of economic relations with China, the dominant power in East Asia. Since 2014, trade between Russia and China has grown exponentially, reaching a record level of over \$100 billion in 2019. This reorientation has enabled Russia to diversify its outlets for hydrocarbon exports, while demand in Europe declined due to sanctions. From an economic point of view, this diversification of trading partners has played a key role in mitigating the effects of sanctions on the Russian economy, although this strategy also entails risks. Growing

dependence on China has exposed Russia to asymmetries of economic power, which could affect its long-term strategic autonomy.

In February 2022, Russia's invasion of Ukraine opened a new chapter in the escalation of global geopolitical tensions, leading to an intensification of economic sanctions. This new wave of sanctions was broader and more rigorous than those imposed in 2014, affecting almost every sector of the Russian economy. The United States, the European Union and their allies not only tightened restrictions on trade and finance but also imposed individual sanctions on Russian oligarchs and key politicians. One of the most striking measures was the exclusion of certain Russian banks from the SWIFT system, making it extremely difficult for Russia to handle international financial transactions.

In addition, the 2022 sanctions have exacerbated the challenges facing Russia's energy sector. Although hydrocarbons still account for a significant share of Russia's export revenues, several European countries have sought to diversify their energy supplies away from Russian oil and gas. For example, countries like Germany have invested heavily in liquefied natural gas (LNG) infrastructure and signed new supply contracts with other global producers such as Qatar and the USA. The effects of these sanctions on Russia's trade flows are profound. The loss of access to European markets, once the main customers for Russian oil and gas, has forced Russia to reduce the prices of its energy exports to attract new customers in Asia and Africa. It should also be noted that the decline in imports of advanced technologies, particularly in the field of oil extraction, has slowed investment in the energy sector, limiting the country's ability to maintain production over the long term.

However, despite this situation, Russia has shown relative resilience by building on its accumulated foreign exchange reserves and intensifying its economic relations with countries not participating in the sanctions, notably the members of the BRICS. This dynamic has laid the foundations for the BRICS currency initiative, a project increasingly envisaged by these emerging powers to protect themselves from fluctuations in Western currencies and strengthen their economic independence.

### An ARIMAX forecast model to predict the effect of the sanction on Russia's trade flow

The intensification of economic sanctions against Russia has profoundly disrupted international trade flows, particularly for Russia's trade with its traditional partners. To quantify and anticipate the effects of these sanctions on Russian trade flows, and thus better integrate the BRICS context into their proposal for a common monetary system, we will use the ARIMAX model (AutoRegressive Integrated Moving Average with Exogenous Variables).

The ARIMAX model extends the standard ARIMA model, widely used to model time series according to their own past dynamics, by integrating exogenous variables that directly influence the variable of interest. In this analysis, Russia's trade flow is modelled not only in terms of its past values, but also in terms of international sanctions, considered as an exogenous variable. This approach will enable us to better capture the direct impact of sanctions on Russian trade flows. We define the model by the following equation:

$$y_t = c + \sum_{i=1}^p \phi_i y_{t-i} + \sum_{j=1}^q \theta_j \epsilon_{t-j} + \beta x_t + \epsilon_t$$

Où :

$y_t$  Represents Russia's trade flows at time t.

c is a constant.

$\phi_i$  is the autoregression coefficient that captures the effect of past values of trade flows.

$\theta_j$  is the coefficient of the moving average, which captures the effect of past shocks, which we will call here residuals.

$\epsilon_t$  is an error term that represents the impact of unobserved shocks.

$\beta x_t$  Represents the impact of exogenous variables  $x_t$ . Here, here, economic sanctions on trade flows at time t.

Once the model has been estimated, it is possible to generate forecasts over a horizon of h periods, taking into account both historical dynamics and future scenarios concerning economic sanctions. Forecasts for trade flows at time t+h are given by the following equation:

$$\hat{y}_{t+h} = c + \sum_{i=1}^p \phi_i \hat{y}_{t+h-i} + \sum_{j=1}^q \theta_j \hat{\epsilon}_{t+h-j} + \beta \hat{x}_{t+h}$$

Here:

$\hat{y}_{t+h}$  is the prediction of trade flows at the moment t+h.

$\hat{x}_{t+h}$  represents the projected scenarios regarding sanctions (e.g., maintenance, intensification or lifting of sanctions).

The values  $\hat{\epsilon}_{t+h-j}$  Represent predicted errors from past model predictions.

Depending on the assumptions concerning the evolution of sanctions (lifting, maintaining or intensifying), different projections can be made for Russia's trade flows. These projections make it possible to simulate possible future economic scenarios and anticipate the potential impact of sanctions on the country's trade balance. With this in mind, we use three distinct scenarios for the simulation:

**Abolition of sanctions** - This scenario assumes a gradual lifting of economic sanctions, allowing Russia to reintegrate fully into international markets. This could lead to an increase in trade flows in the medium term, particularly with Western countries.

**Continuation of sanctions** - This scenario considers an extension of current sanctions. Here, trade flows remain moderate, with Russia becoming increasingly dependent on its new trading partners, particularly Asian and African countries. This situation could keep trade at a stable but relatively low level compared with the pre-2014 period.

**Intensifying sanctions** - In this case, a new set of even more restrictive sanctions is imposed, which could lead to a drastic drop in Russian trade flows, particularly in energy and technology-related sectors.

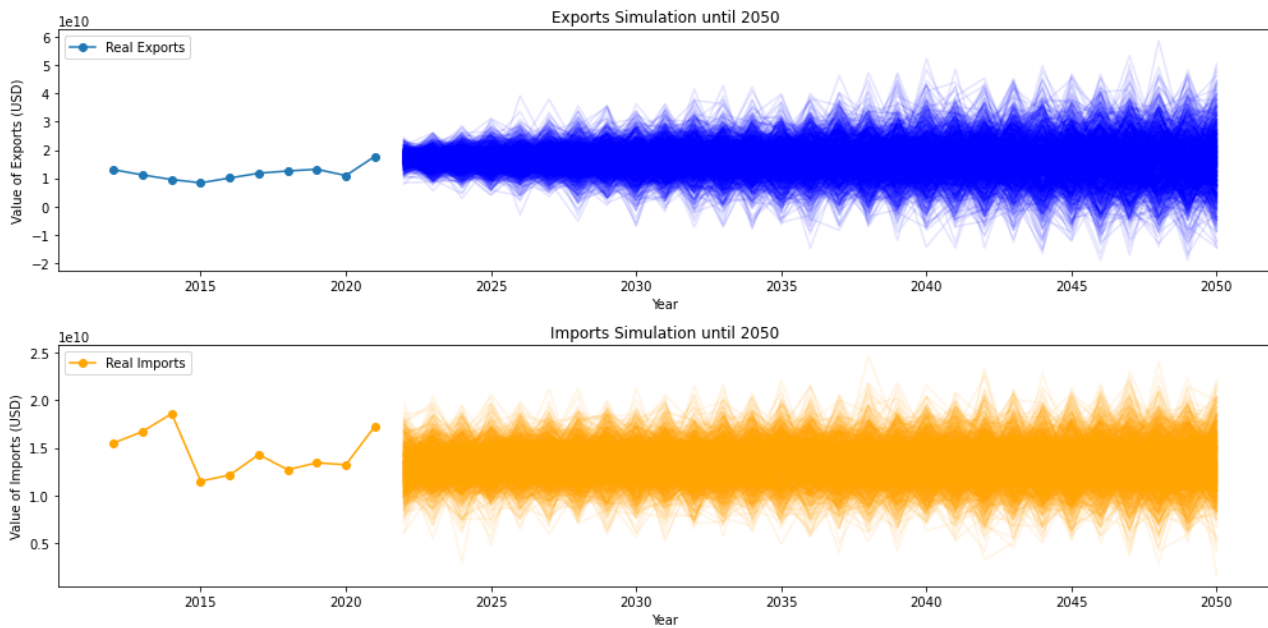


Figure 1: Exports and Imports Simulations

The **upper curve** shows simulated exports from Russia. Historical data are shown in dark blue, and the simulated part is represented by a series of lighter curves with variations in intensity. These variations reflect the uncertainties inherent in the model, and the forecast bands provide a glimpse of the potential range of future exports. Russia's export projections show a slight increase in the short term up to 2025, followed by a gradual stabilisation. This trend could reflect a readjustment of Russia's trading partners, with a possible shift towards non-sanctioning countries, such as China or other BRICS members. However, the intensity of the forecast bands shows that from 2030 onwards, export trends become much more uncertain, with volatility that could stem from future geopolitical decisions and increased dependence on emerging economies.

The **lower curve** shows the simulation of Russia's imports with a similar pattern: actual data are in dark orange and predictions are marked by multiple lighter lines representing the various projections generated by the model. The export simulation shows a similar trend, with projections indicating a stable level until 2025. However, more distant simulations highlight high volatility, suggesting that Russian imports could suffer greater shocks if sanctions tighten, or in the event of disruptions in global supply chains.

### Empirical measures for the ARIMAX model on Russia

To empirically estimate the impact of economic sanctions on Russian trade performance, we implemented an ARIMAX model in which the dependent variable is the growth rate of Russian exports. The model includes two exogenous regressors: the presence of international sanctions and the logarithm of Russia's GDP, in order to control for scale effects and domestic economic context. The estimation was carried out using SARIMAX under a maximum likelihood framework. The key results are reported below.

Table 1: SARIMAX estimation

Coefficient	Estimate	Std. Error	z-value	p-value
Constant (c)	23.31	9.76	2.39	0.017
Sanctions	-0.11	1.15	-0.10	0.923
Log(GDP)	-0.82	0.34	-2.39	0.017
AR(1)	-0.84	0.69	-1.21	0.226
Error Variance	0.019	0.019	0.97	0.332

The ARIMAX estimation of Russian export growth reveals several meaningful relationships. The constant term, with an estimated value of 23.31, reflects a strong underlying structural component in the dynamics of Russia's trade, suggesting that—beyond cyclical fluctuations—there exists a baseline momentum in export performance.

The coefficient associated with international sanctions is negative (−0.11), indicating a potential dampening effect of sanctions on trade growth. This aligns with expectations, as economic restrictions tend to reduce access to key markets, disrupt supply chains, and alter trade logistics. However, the relatively small magnitude of this coefficient may point toward partial adaptation mechanisms, such as the reorientation of trade towards non-sanctioning countries or the emergence of alternative financial circuits.

The logarithm of Russia's GDP exhibits a negative influence on export growth (−0.82), suggesting that periods of strong internal economic performance might coincide with a relative contraction of export intensity. This could reflect internal absorption of production, increased domestic demand, or a prioritisation of internal stabilisation policies over external trade expansion, particularly in times of geopolitical reconfiguration.

The autoregressive component AR(1), estimated at −0.84, captures a pattern of correction or adjustment: following a strong export growth shock, a deceleration tends to occur, and vice versa. This dynamic is consistent with the existence of bounded export capacities or external demand constraints that prevent prolonged acceleration without reversion.

Lastly, the residual variance is low, reinforcing the quality of the model's fit to the data. Complementary diagnostic tests also confirm the adequacy of the specification and the absence of major structural violations.

### ARIMAX Model for the other BRICS countries and their empirical measures

To assess the future dynamics of international trade in the BRIS economies, we estimated ARIMAX models incorporating external regressors for each country's exports and imports. The projections are based on historical data up to 2023. Forecasts were generated through stochastic simulations, yielding fan charts that provide a probabilistic envelope of plausible trajectories. Below, we analyse the forecasted trends for each country individually.

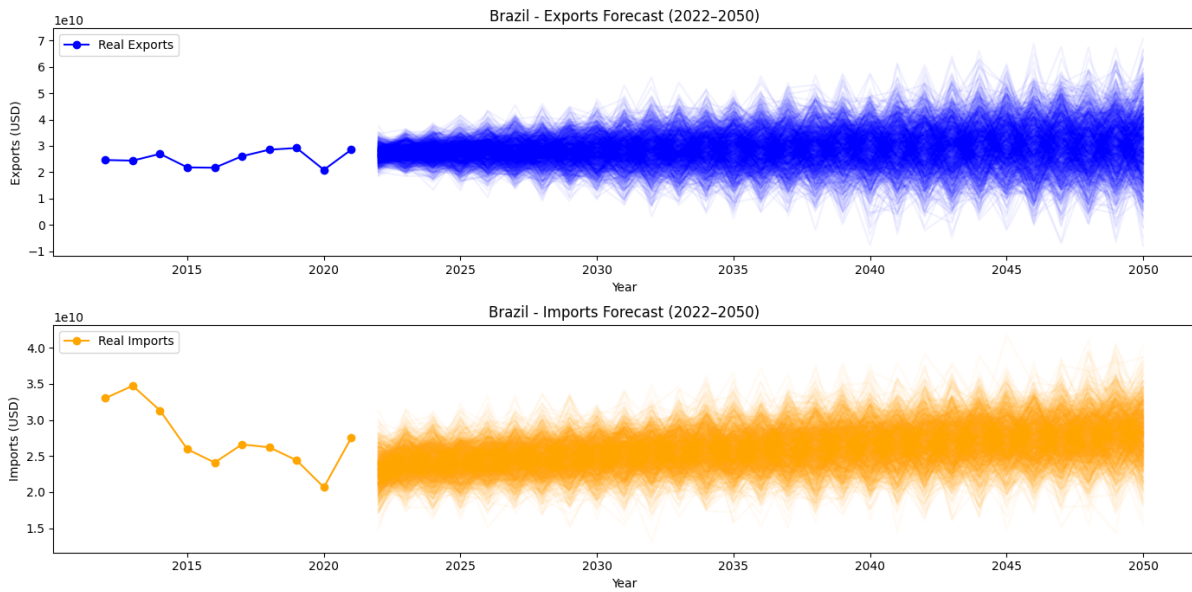


Figure 2: Brazil Exports and Imports Forecast

Brazil’s export performance between 2012 and 2022 has fluctuated around USD 20–30 billion, with imports showing a slightly higher level but marked by volatility during the 2014–2016 downturn. The ARIMAX forecasts project a gradual upward drift in both exports and imports to 2050, with the model suggesting a potential stabilisation of external trade at higher levels than in the past decade. The dispersion of the simulated paths increases steadily over time, reflecting growing uncertainty beyond 2035, but no structural break is anticipated under the baseline scenario.

Table 2: ARIMAX forecasts

Coefficient	Estimate	Std. Error	z-value	p-value
Constant (c)	23,31	9,76	2,39	0,017
Log(GDP)	-0,82	0,34	-2,39	0,017
AR(1)	-0,84	0,69	-1,21	0,226
Error Variance	0,019	0,019	0,97	0,332

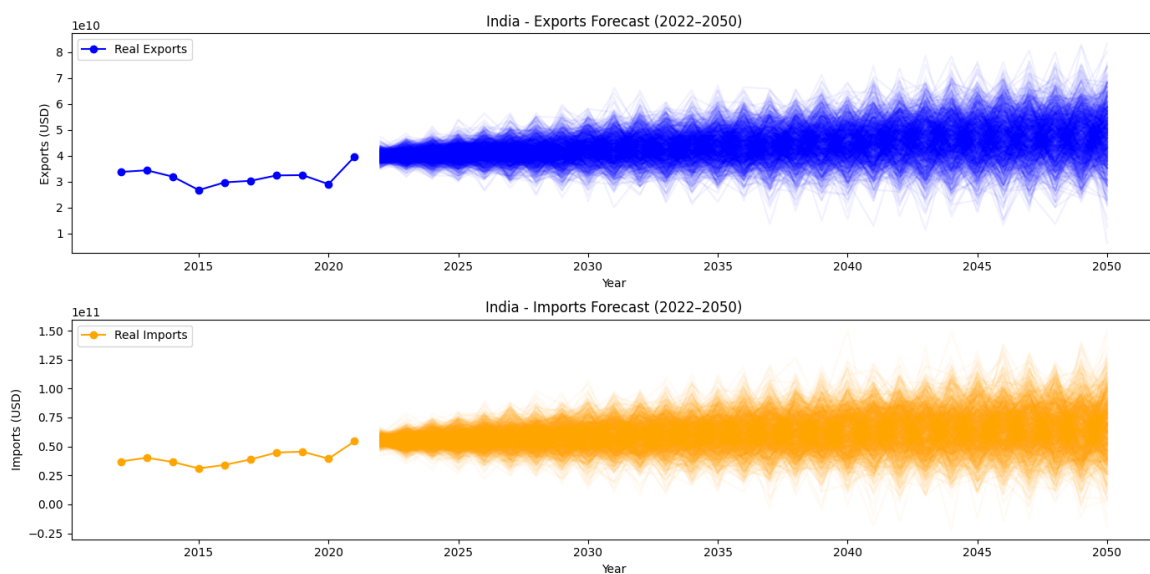


Figure 3: India Exports and Imports Forecast

India shows a more gradual profile. Exports hovered around USD 25–35 billion between 2012 and 2022, while imports have been systematically higher, particularly after 2015 when they crossed USD 40 billion. The ARIMAX forecasts anticipate continued growth in both exports and imports, with imports projected to outpace exports in most scenarios. This implies a persistent, and possibly widening, trade deficit unless productivity gains accelerate or structural reforms alter the balance. The uncertainty bands, while widening over time, remain centred on a relatively stable growth path.

Table 4: ARIMAX Forecasts

Coefficient	Estimate	Std. Error	z-value	p-value
Constant (c)	23,17	1,81	12,8	0
Log(GDP)	0,904	0,376	2,402	0,016
AR(1)	0,09	0,485	0,186	0,852
Error Variance	0,0124	0,01	1,225	0,22

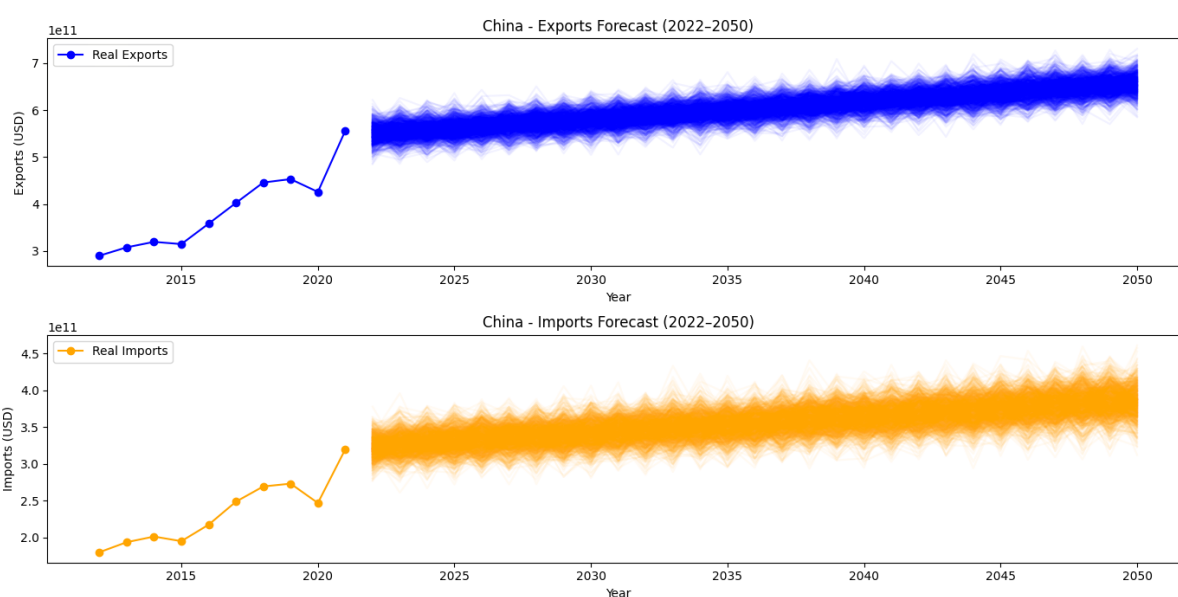


Figure 4: China Exports and Imports Forecast

China’s exports are already several orders of magnitude larger, exceeding USD 400–550 billion in the 2012–2022 sample. Imports also increased significantly over this period, reflecting the country’s high degree of trade openness. The ARIMAX projections indicate a sustained, moderate rise in both exports and imports up to 2050, with exports remaining above imports in the median scenario. The relatively narrow spread of the simulation cloud in early years shows high model fit, but the range widens after 2035, signalling increased long-term uncertainty in the external trade trajectory of China.

Table 5: ARIMAX projections

Coefficient	Estimate	Std. Error	z-value	p-value
Constant (c)	23,81	0,652	36,5	0
Log(GDP)	0,94	0,28	3,356	0,001
AR(1)	-0,167	0,477	-0,35	0,727
Error Variance	0,0041	0,004	1,071	0,284

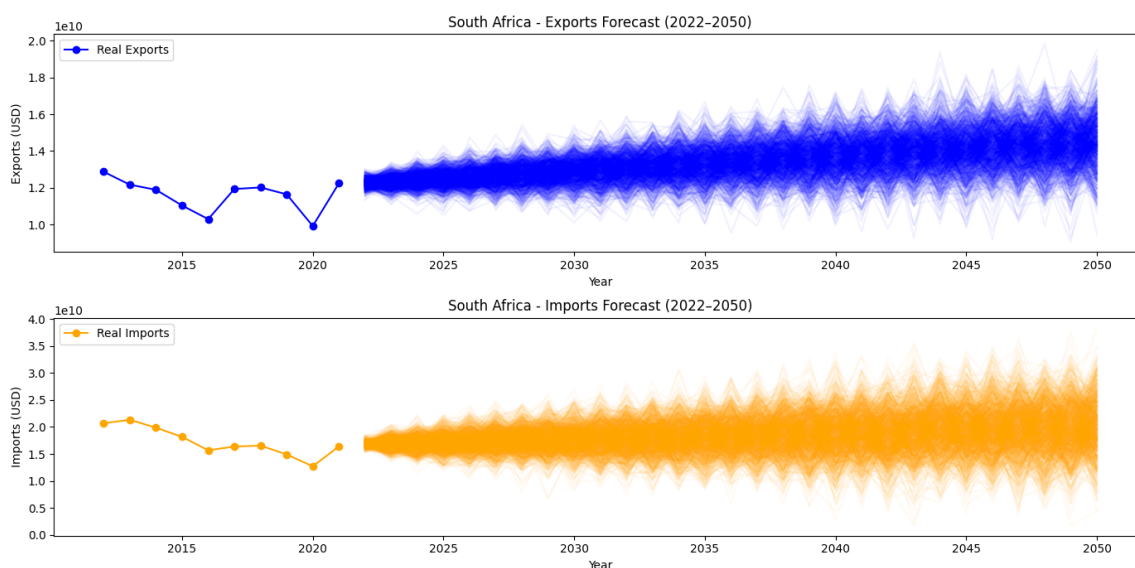


Figure 5: South Africa Exports and Imports Forecasts

South Africa’s exports were relatively flat over 2012–2022, between USD 10 and 13 billion, while imports averaged around USD 15–20 billion with some contraction after 2015. The ARIMAX forecasts project modest growth in both series to 2050, but imports are expected to remain higher than exports under the baseline, pointing to a sustained trade deficit. As with the other BRICS countries, the forecast clouds widen progressively, indicating that uncertainty dominates in the longer term rather than any abrupt predicted shift in the trade structure.

Table 6: ARIMAX Forecasts

Coefficient	Estimate	Std. Error	z-value	p-value
Constant (c)	22,97	0,45	51	0
Log(GDP)	0,915	0,106	8,655	0
AR(1)	0,0017	0,945	0,002	0,999
Error Variance	0,0005	0,0003	2,043	0,041

**Methodological note**

All models are calibrated using historical data in constant dollars, with seasonal adjustment and integration of exogenous regressions on certain macroeconomic variables (global growth, commodity prices, real effective exchange rates). The confidence intervals implied in the simulated trajectories take into account the residual uncertainty of the ARIMAX model, but not extreme exogenous shocks.

The analysis conducted using ARIMAX models provides a structured and comparative overview of the trade dynamics of the BRICS over the recent period, as well as their long-term outlook. For Russia, the explicit integration of international sanctions as an exogenous variable reveals a moderating yet non-linear effect on trade flows. The negative coefficient associated with sanctions confirms the expected restrictive impact, but its moderate magnitude also points to a notable adaptive capacity—through the redirection of flows towards non-sanctioning partners and the development of alternative financial channels. However, this apparent resilience is accompanied by greater medium-term volatility, as reflected in the widening forecast bands beyond 2030.

The simulations carried out for Brazil, India, China, and South Africa confirm several shared features while also highlighting distinct national characteristics. In the case of Brazil, export and import flows operate on a scale comparable to that of pre-sanctions Russia, following a fluctuating path without major structural breaks. Forecasts suggest a gradual normalisation toward higher levels by 2050, though the uncertainty bands underscore the continued sensitivity of this trajectory to global commodity prices and domestic growth conditions.

Among the BRICS, the trade trajectories of India, China, and South Africa exhibit structurally differentiated yet convergent patterns toward deeper trade integration. India is characterised by a steady rise in imports outpacing exports, pointing to a persistent risk of widening trade deficits unless offset by productivity gains or export diversification. The model's coefficients indicate a positive elasticity of trade flows to GDP growth, suggesting that India's international integration deepens in tandem with its internal economic expansion. China, by contrast, dominates in absolute terms, with massive trade volumes highly sensitive to domestic growth—as reflected in the model's highly significant coefficients. However, long-term projections show increasing uncertainty after 2035, highlighting geopolitical tensions and technological vulnerabilities that may weigh on its open-economy model. South Africa displays a more stable but structurally imbalanced profile, with a persistent trade deficit. ARIMAX results suggest that the evolution of its trade flows is primarily driven by domestic factors, particularly GDP growth, with limited prospects for a rebalancing of its external position in the baseline scenario.

Taken together, these results underscore that while the BRICS share a common strategic ambition to diversify and build resilience against external shocks—be they sanctions, trade tensions, or financial volatility—their trajectories remain deeply heterogeneous. The ARIMAX modelling reveals that the key vector of convergence lies less in the current structure of trade flows than in each country's ability to internalise exogenous shocks (such as sanctions, commodity price fluctuations, or technological shifts) and to reconfigure its network of economic partnerships accordingly.

## **II/Modelling a common BRICS monetary system: what mechanism to compete with the USD and the Euro?**

Following the sanctions affecting Russia and the ruble's loss of power on international markets, the BRICS met in the first half of 2024 and relaunched the idea of creating a single BRICS currency. This proposal is part of a significant and latent move to reshape the dynamics of the international monetary system. Since the Second World War, the dollar has played a central role, serving as a unit of account, the principal medium of exchange in international trade and a store of value. This dominant position has enabled the United States to finance world trade by issuing its own currency, free from the traditional constraints of a forward balance of payments. Despite the end of the Bretton Woods Agreement in 1971, which detached the dollar from the gold standard, it has remained the world's main currency. This dominant position gives the United States unique economic and political power, with direct influence over international transactions.

Establishing a common currency presents many economic and institutional challenges. If it is to compete with the dollar, this new currency will have to fulfil three essential functions: serving as a unit of account, a medium of exchange and a store of value. The store-of-value function, in particular, remains a crucial challenge. Unlike the dollar, which enjoys the confidence of the markets due to its widespread international use, the BRICS currency would need to establish a similar level of stability and credibility. Indeed, several economists have put forward arguments concerning the essential functions that a common currency must fulfil if it is to position itself as a viable alternative to the dollar. Carl Grekou stresses the importance of stability and credibility in establishing a reserve currency. He suggests that the BRICS currency could be backed by a basket of commodities rather

than gold, reflecting the abundant natural resources of the BRICS countries and reinforcing the stability of the currency in question. This perspective is shared by Giuliano Noci, who argues that using commodities as the currency's bedrock would not only ensure its value reserve function but also leverage the BRICS' strategic resources to guarantee its resilience in the face of international market fluctuations. Moreover, economists studying BRICS monetary policy, such as Valérie Mignon, argue that integrating such commodities into the currency's structure could enhance its credibility on world markets, particularly if backed by robust institutions of monetary governance. Mignon insists that such a currency must be perceived as a stable store of value for markets to adopt it, underlining the importance of a solid institutional framework to support such a currency in a context of international trade.

In geopolitical terms, the establishment of a common currency could enable the BRICS to better protect their economies from external pressures and reduce the influence of the United States in international transactions. By proposing a viable alternative to the dollar, the BRICS would seek to create a multipolar monetary system in which their currency would act as a counterweight to the dominant currencies. However, the introduction of a common currency between such diverse countries raises questions of governance and economic policy coordination, especially as the BRICS have to contend with significant divergences in political regimes and economic objectives between them, so convergence seems inescapable before any common currency project.

If such a currency were to materialise, it could, in the long term, challenge the hegemony of the dollar and the euro, while stimulating a diversification of foreign exchange reserves. In such a scenario, the BRICS could attract other emerging economies that share similar aspirations for financial autonomy, helping to broaden the use of this new currency and reduce dependence on traditional currencies. This project would not be without its challenges and would require greater commitment and cooperation from member countries, both in terms of macroeconomic convergence and the stability of the new currency. However, the short-term outlook remains uncertain. The establishment of a common currency implies not only far-reaching financial and institutional adjustments, but also the adaptation of national banking systems. In addition, the BRICS must ensure that this currency is perceived as stable and credible by international investors. This will probably require new institutions of monetary governance, as well as coordinated economic policies to maintain the currency's value and reassure global markets.

### Simulation of the BRICS economic system

The simulation framework developed in this study enables us to project the potential macroeconomic trajectories of BRICS economies under distinct integration scenarios. By introducing calibrated shocks to growth, inflation and exchange rate dynamics, we can evaluate the structural robustness of these economies in the face of a hypothetical monetary integration framework. This simulation-based approach proves particularly relevant for emerging powers such as Brazil, Russia, India, China and South Africa, which seek to reduce their dependency on dominant reserve currencies and assert greater monetary autonomy.

The simulation of the potential evolution of GDP ( $\overline{Y}$ ), inflation ( $\overline{\pi}$ ), the exchange rate ( $\overline{E}$ ) and the volume of trade ( $\overline{X}$ ) is calculated according to a set of equations defined as follows:

$$\left. \begin{array}{l} \\ \\ \\ \end{array} \right\} \text{Equations defining the simulation framework}$$

With  $\overline{\epsilon_t, \eta_t, \xi_t} \sim \mathcal{N}(0,1)$ ,  $\overline{\epsilon_t, \eta_t, \xi_t} \sim \mathcal{N}(0,1)$ .  $\overline{\gamma}$  is the growth multiplier,  $\overline{\sigma_\pi}$  and  $\overline{\sigma_F}$  are the standard deviations of inflation and exchange rate shocks, respectively.  $\overline{\epsilon_t, \eta_t}$  and  $\overline{\xi_t}$  are standard normal random variables representing unobserved economic disturbances.

This configuration allows the model to capture both the central trend of economic expansion and the dispersion of possible outcomes due to exogenous volatility. As such, it serves not only as a tool for forecasting but also for quantifying the degree of macroeconomic fragility or resilience across different policy regimes.

## Presentation of the different scenarios

### Neutral scenario

This scenario assumes a relatively stable economic environment, with no radical changes in the BRICS' current economic dynamics. It simulates moderate growth and limited economic shocks:

- Moderate growth shock: The BRICS economies continue to post positive but moderate growth, in line with their recent performance. This reflects a context of economic stability, with countries maintaining a level of growth in line with their production potential.
- Stable inflation: Inflation remains relatively controlled, with small variations, suggesting a stable price environment. This level of inflation makes the common currency attractive for day-to-day transactions and the preservation of purchasing power.
- Relatively fixed exchange rate: Exchange rate fluctuations are minimal, reflecting a monetary stability that encourages trade between the BRICS and the rest of the world.

### Partial integration scenario

This scenario considers closer integration of the BRICS economies, with coordinated monetary and fiscal policies. This context is characterised by :

- Enhanced growth: A larger positive growth shock is introduced, reflecting economic gains from coordinated economic policies and greater financial market integration. This dynamic is intended to represent the benefits expected from more intense intra-BRICS trade.
- Reduced inflationary shocks: Inflation is adjusting slightly, but remains moderate, due to more harmonised monetary policies. Reduced inflationary shocks make the common currency more credible and attractive.
- Slightly fluctuating exchange rate: Although the exchange rate shows adjustments, these are contained thanks to a coordinated exchange rate policy between countries. Fluctuations are therefore present but reduced, limiting the volatility of trade.

### Full integration scenario

In this last scenario, the BRICS simulate advanced economic integration, equivalent to that of a monetary and economic union. This context implies highly coordinated economic policies and major structural reforms:

- Sustained growth: A high growth shock is modelled, representative of the significant gains from full economic integration. The BRICS act as a bloc to stimulate investment and production, thereby strengthening their growth.

- **Maximum reduction in inflation:** In this scenario, inflation is virtually neutralised, due to very strict monetary policies. The common currency enjoys greater credibility, strengthening its role as a store of value and minimising the erosion of purchasing power.
- **Stable exchange rate:** The exchange rate is extremely stable, close to being fixed. This tight control limits the risk of speculation and ensures stable trade within the BRICS and with other economic zones.

We thus obtain distinct projections of growth and economic stability. The results of these simulations, detailed in Appendices 2 to 6, offer a perspective on the various economic paths that the BRICS could take, depending on the monetary and economic policies adopted within the framework of their common currency.

## Results per country

### Brazil:

The simulated trajectories reveal differentiated effects across scenarios:

**GDP:** Growth dynamics remain robust in all scenarios, with a marked acceleration under the full integration scenario. This reflects structural convergence, enhanced trade efficiency, and reduced monetary uncertainty. The partial integration scenario also displays a strong upward trend, while the baseline scenario exhibits a moderate yet consistent growth trajectory.

**Inflation:** Inflation levels remain contained across all simulated paths. The full integration scenario suggests a slight increase, linked to the harmonisation of relative prices, without destabilising internal equilibria. The baseline and partial integration scenarios exhibit greater inertia, reflecting the persistence of previous inflation regimes.

**Exchange Rate:** The full integration scenario is associated with greater external parity stability, stemming from the establishment of a harmonised exchange rate regime. In contrast, the baseline and partial integration scenarios display more pronounced fluctuations, highlighting the continued influence of currency markets on national economies.

**Trade:** Trade volumes increase significantly in the integration scenarios, due to the reduction of barriers, regulatory convergence, and scale effects induced by a common currency. The baseline scenario also shows steady growth, albeit at a more linear pace.

A backtesting phase was conducted to assess the internal coherence of the simulated trajectories, using initial data from the year 2000. Statistical indicators confirm the stability of the projected dynamics: the mean absolute error (MAE) stands at 3.79 billion, while the root mean square error (RMSE) reaches 4.12 billion, attesting to the consistency of the model's outputs with observed empirical data. The  $\overline{R^2}$  on this model stands at - 1.591.

### Russia :

The simulated trajectories highlight differentiated effects across scenarios:

**GDP:** Growth remains positive in all cases, with a particularly strong acceleration under the full integration scenario. This suggests structural convergence gains, enhanced monetary and trade coordination, and broader investment opportunities. The partial integration scenario also maintains a robust upward trend, while the baseline scenario shows a slower yet consistent path.

**Inflation:** Inflation levels stay relatively contained across the board. The full integration path exhibits some volatility due to price alignment mechanisms, but remains within a stable range. The partial integration and baseline scenarios display more inertia, mirroring the persistence of prior inflationary regimes and slower price convergence.

**Exchange Rate:** Full integration yields stable and predictable exchange rate dynamics, reflecting the benefits of harmonised monetary frameworks. In contrast, the baseline and partial scenarios show more pronounced fluctuations, likely due to continued exposure to currency market pressures and idiosyncratic shocks.

**Trade:** Trade volumes increase significantly in both integration scenarios. This is due to reduced transaction costs, regulatory convergence, and network effects associated with a common market. The baseline scenario also shows expansion, albeit at a more linear and constrained pace.

A backtesting phase was conducted to ensure the internal consistency of the simulated dynamics based on year-2000 data. The statistical diagnostics confirm the reliability of the model's output: The MAE is  $9.57 \times 10^{10}$ ; the RMSE is  $1.16 \times 10^{11}$ ; The  $R^2$  coefficient stands at  $-1.163$ , capturing the inherent divergence of the baseline data from simple linear models.

### India:

The simulated trajectories highlight scenario-dependent divergences, particularly across GDP and inflation paths:

**GDP:** Growth is positive and structurally consistent in all cases, but the amplitude of the trajectory varies significantly. The full integration scenario reveals an accelerated growth path, reflecting synergistic effects from improved regional coordination, policy harmonisation, and investment scale. Partial integration supports a similarly steep trajectory, albeit with slightly more uncertainty. The baseline scenario maintains a moderate and stable incline, indicating the persistence of endogenous drivers in the absence of coordinated reform.

**Inflation:** Inflation levels remain within a controlled band across all three scenarios. Under full integration, the mild upward pressure is attributed to relative price alignment and increased internal demand, but volatility remains bounded. The partial integration scenario exhibits a more fragmented pattern, with moderate but persistent inflation, possibly due to asymmetric convergence effects. The baseline scenario reflects a gradual disinflation trend over the forecast horizon, consistent with monetary stability and subdued demand-pull effects.

**Exchange Rate:** In all scenarios, the exchange rate shows constrained variation, but the degree of volatility differs. Full integration leads to stabilisation through coordinated monetary settings and reduced currency speculation. In the partial integration and baseline scenarios, fluctuations are more evident, capturing residual vulnerabilities to external shocks and imperfect alignment in monetary policy frameworks.

**Trade:** Trade volumes show a consistent upward trajectory, particularly in the integration scenarios. The full integration case yields the steepest curve, suggesting strong reductions in trade frictions, harmonised standards, and expanded market access. The partial integration scenario also registers sustained trade growth, though with wider uncertainty bounds. In contrast, the baseline scenario displays more linear expansion, likely constrained by persisting frictions and policy divergence.

A backtesting procedure was conducted using historical data to assess the model's predictive reliability. The results indicate reasonable performance, with errors concentrated around short-term mismatches rather than structural divergence:

- Mean Absolute Error (MAE):  $2.80 \times 10^9$
- Root Mean Squared Error (RMSE):  $3.08 \times 10^9$
- $R^2$  coefficient:  $-0.183$ , suggesting some local deviations but no major instability.

## China

The trajectories highlight some diverging macroeconomic patterns :

**GDP:** Growth remains solid under all scenarios, with a particularly sharp upward trend in the full integration scenario. This reflects structural convergence, enhanced trade efficiency, and reduced monetary uncertainty. Partial integration also supports a stable growth path, albeit at a slower pace, while the neutral scenario exhibits a more modest yet steady expansion.

**Inflation:** Across all scenarios, inflation remains within controlled bounds. Full integration is associated with a slight increase due to relative price harmonisation, without disrupting internal balance. In contrast, the partial and neutral scenarios show greater persistence of legacy inflation regimes and more inertial dynamics.

**Exchange Rate:** The full integration scenario is marked by a stabilisation of external parity, in line with the implementation of a harmonised exchange rate framework. Exchange rate volatility is more pronounced in the neutral and partial integration paths, reflecting ongoing exposure to currency market fluctuations.

**Trade Volume:** Trade flows expand significantly under both integration scenarios, driven by regulatory convergence, reduced frictions, and scale effects from currency unification. In the neutral scenario, trade continues to grow, but at a more linear pace.

A backtesting phase was conducted using baseline trade data from the year 2000 to assess the consistency of the projected trade trajectories. The statistical indicators confirm the internal coherence of the model's outputs:

Mean Absolute Error (MAE) is  $2.38 \times 10^{10}$ , and Root Mean Square Error (RMSE) reaches  $2.63 \times 10^{10}$ . Although the  $R^2$  value of  $-2.465$  suggests weak alignment with historical trade trends, this can be interpreted as the model capturing structural discontinuities introduced by the policy shocks simulated in the integration scenarios.

## South Africa

The simulated trajectories highlight differentiated macroeconomic dynamics depending on the integration scenario:

**GDP:** Growth is sustained in all scenarios. The *Full Integration* scenario shows a particularly steep growth path, reflecting structural convergence, increased trade efficiency, and reduced monetary uncertainty. The *Partial Integration* scenario also displays a robust upward trajectory, albeit more moderate. The *Baseline* (neutral) scenario follows a more linear yet stable path.

**Inflation:** Inflation remains overall contained across all simulations. In the *Full Integration* case, a modest upward trend emerges, primarily due to relative price harmonisation, without triggering macroeconomic imbalances. The *Partial* and *Baseline* scenarios maintain a flatter inflation path, marked by the persistence of pre-existing regimes and greater nominal inertia.

**Exchange Rate:** Under *Full Integration*, the exchange rate remains remarkably stable, suggesting the benefits of a coordinated currency framework. In contrast, the *Partial* and *Baseline* scenarios exhibit wider fluctuations, underlining the influence of external currency markets and the absence of a common monetary anchor.

**Trade Volume:** Trade flows increase significantly under the integration scenarios, driven by lower barriers, regulatory convergence, and market size effects. The *Baseline* scenario still yields positive trends, though at a more incremental pace.

To evaluate the internal consistency and historical alignment of the forecast models, we implemented a backtesting phase based on the latest available data for each variable. We obtain :

$$\text{MAE} = 1.46 \times 10^9$$

$$\text{RMSE} = 1.61 \times 10^9$$

$$R^2 = -0.29$$

The simulation framework developed in this study provides a novel experimental tool to evaluate the plausible macroeconomic trajectories of BRICS economies under varying regimes of integration. Unlike conventional predictive models based on deterministic extrapolation, this approach simultaneously articulates four key macroeconomic dimensions-GDP, inflation, exchange rate, and trade volume-through calibrated stochastic equations combining log-linear growth, autoregressive inflation processes, stochastic exchange rate dynamics, and multiplicative trade evolution. This structure enables the model to capture not only central trends but also the distribution of outcomes under uncertainty, thereby offering a more realistic representation of macroeconomic dynamics in open emerging economies.

The analysis of results demonstrates that both partial and full integration scenarios yield significantly higher and more stable growth trajectories. This reflects the compounded effect of simulated productivity shocks and the interplay between economies of scale, regulatory harmonisation, and reduced risk premia on intra-BRICS capital flows. These findings align with theoretical expectations from convergence models and productivity gains associated with integration, illustrating how monetary unification compresses relative price differentials, raises marginal capital productivity, and stimulates investment. The simulated dynamics of inflation and exchange rates show that full integration induces a quasi-nominal anchor: inflation converges toward a narrow corridor, and exchange rate volatility becomes more predictable. This confirms predictions from Optimal Currency Area (OCA) theory, wherein policy coordination reduces asymmetric shocks and lowers the variance of nominal variables. Conversely, the partial and baseline scenarios exhibit more persistent inflation regimes and greater currency fluctuations, reflecting the absence of collective stabilisation mechanisms and continued exposure to market pressures.

## Conclusions

Trade trajectories vividly reflect the impact of deeper integration. The combined effects of reduced transaction costs, lower hedging costs, and regional agglomeration within value chains lead to a substantial expansion in trade flows, consistent with the literature on monetary unions and regional trade agreements. However, the model goes beyond forecasting: by integrating exogenous shocks

and probabilistic distributions, it quantifies the structural fragility and resilience of BRICS economies under counterfactual policy regimes, illuminating the channels through which integration affects macroeconomic stability.

From a methodological standpoint, the combined use of calibrated stochastic processes and systematic backtesting constitutes a major innovation. Each simulated variable is validated against historical data via a two-step protocol: parameters are estimated on a sub-period and tested on the remaining out-of-sample window. Performance indicators such as MAE, RMSE, and  $R^2$  not only assess fit quality but also diagnose structural coherence. While the negative  $R^2$  values observed for some variables may seem counterintuitive, they actually highlight the model's ability to capture structural breaks -such as heterogeneous monetary regimes, financial crises, or global supply chain reconfigurations- that standard linear regressions fail to represent. In this sense, the framework serves as an analytical platform for testing counterfactual hypotheses on monetary integration, assessing the resilience of the BRICS block to exogenous shocks, and estimating the trade-offs between monetary sovereignty, nominal stability, and the growth benefits of deeper integration.

These findings open several avenues for further research. Future enhancements could incorporate multivariate ARIMA processes, purchasing power parity adjustments, and log-normal dynamics with stochastic drift, improving diagnostic precision. Bayesian calibration methods and the integration of network effects -capturing the propagation of shocks through value chains and financial flows- would further strengthen the model's capacity to reflect the actual complexity of the BRICS economies. Overall, this simulation architecture brings to light the fundamental mechanisms through which monetary and trade integration reshape the macroeconomic structure of emerging powers, offering a robust and flexible tool to inform political and economic decision-making.

### Appendix 1: Sensitivity analysis on exports for an endogenous variable

$$x_t^* = x_t \cdot (1 + \Delta x)$$

The adjusted prediction of trade flows then becomes the following equation:

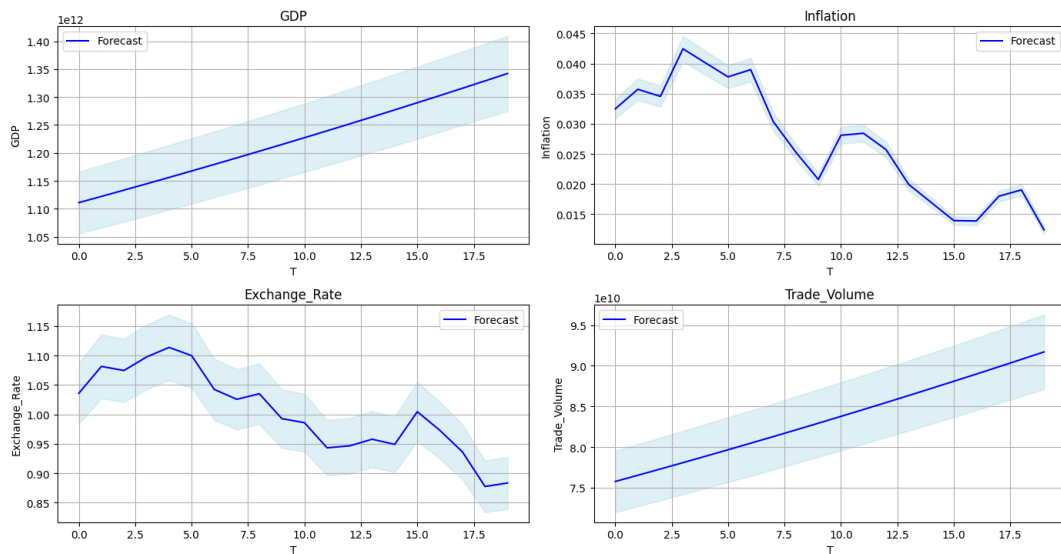
$$\hat{y}_{t+h}^* = c + \sum_{i=1}^p \phi_i \hat{y}_{t+h-i}^* + \sum_{j=1}^q \theta_j \hat{\epsilon}_{t+h-j}^* + \beta \hat{x}_{t+h}^*$$



Figure 6: Sensitivity Analysis on Exports

### Appendix 2: Simulation of an economic system within the framework of a single monetary system for Brazil

Scenario: Baseline



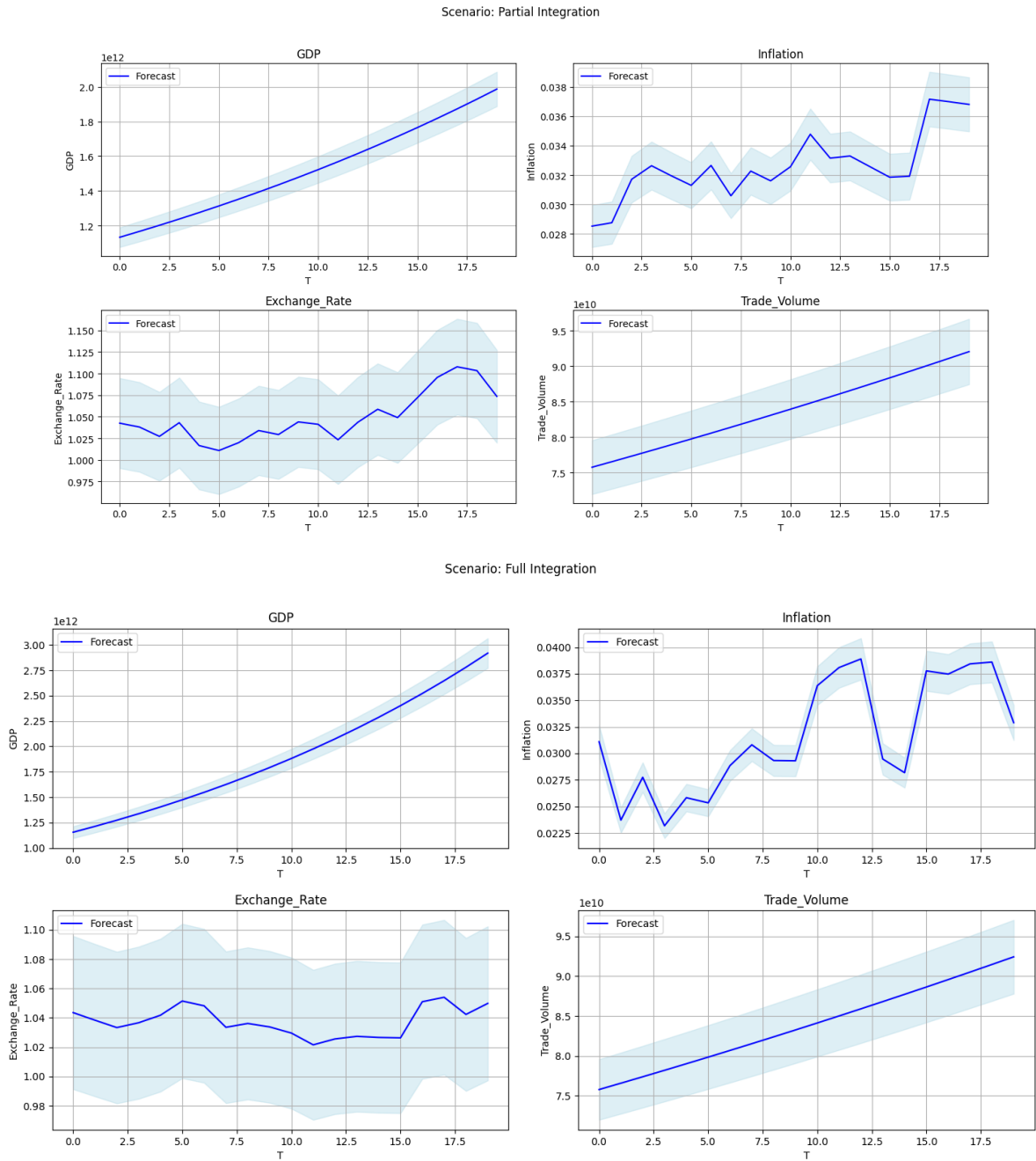
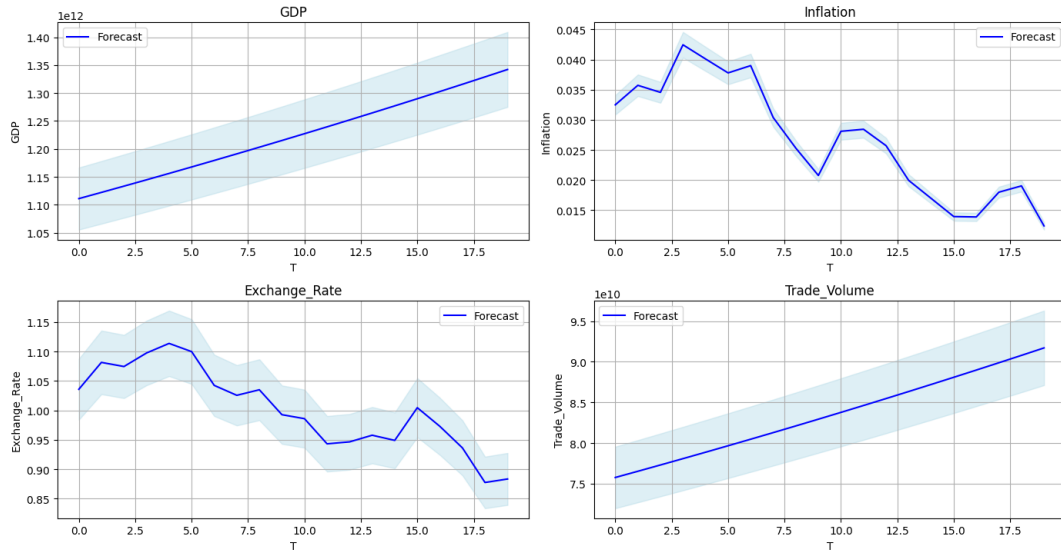


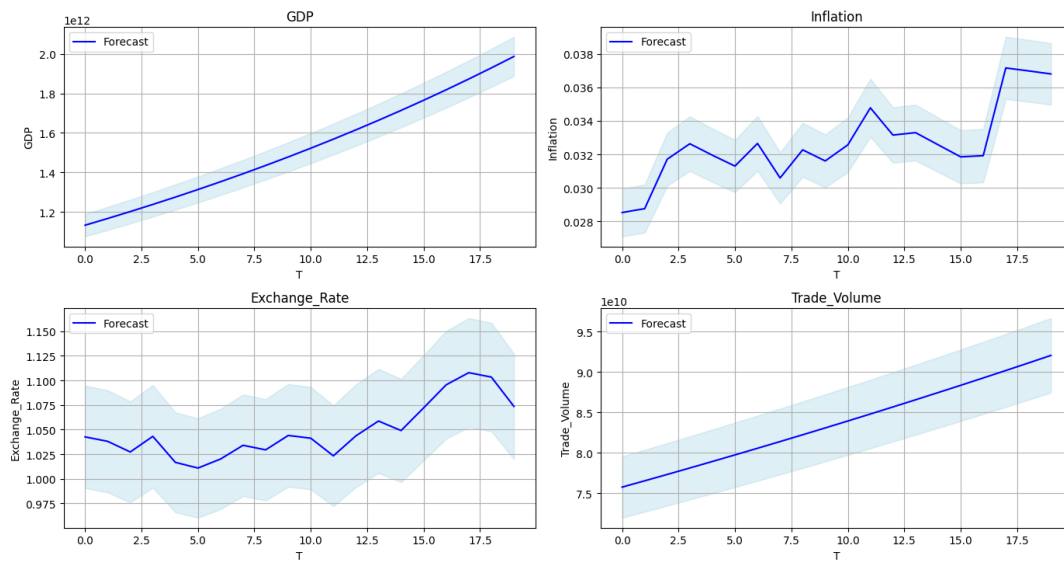
Figure 7: Scenarios

### Appendix 3: Simulation of an economic system within the framework of a single monetary system for Russia

Scenario: Baseline



Scenario: Partial Integration



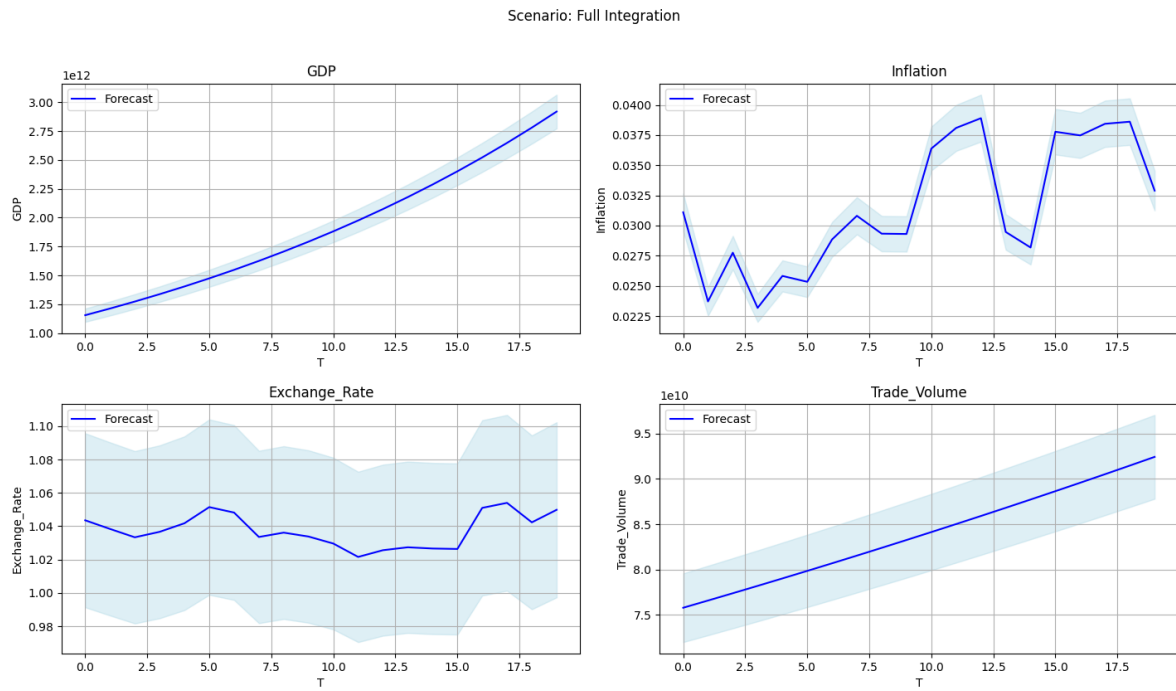
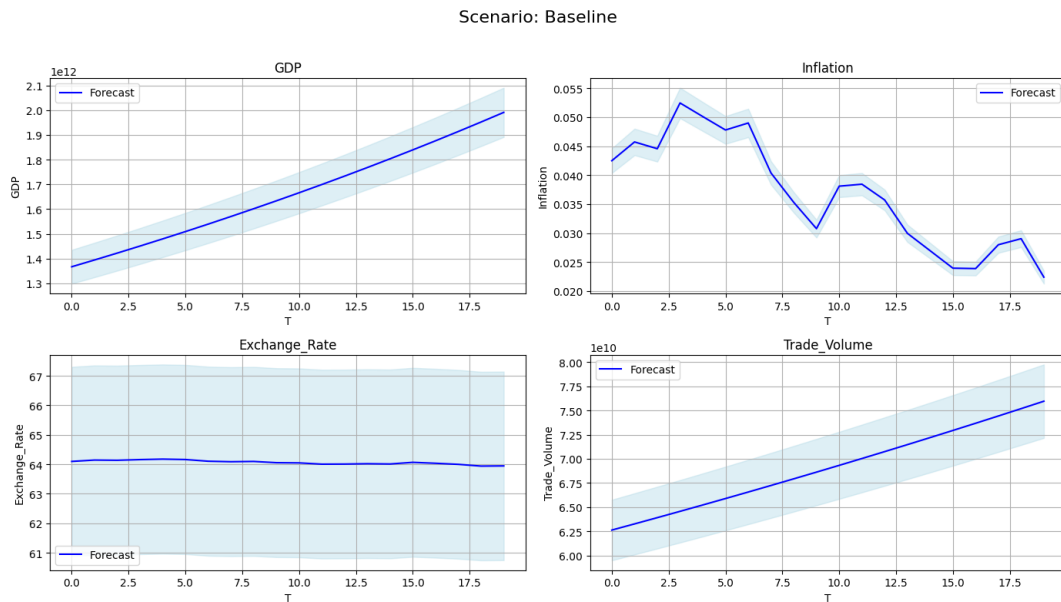
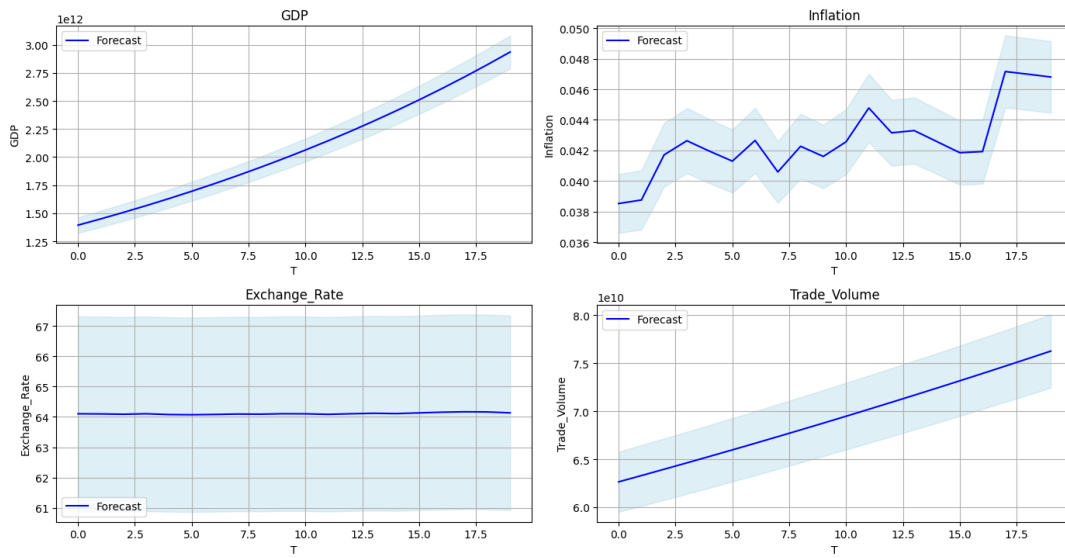


Figure 8: Scenarios

### Appendix 4: Simulation of an economic system within the framework of a single monetary system for India



Scenario: Partial Integration



Scenario: Full Integration

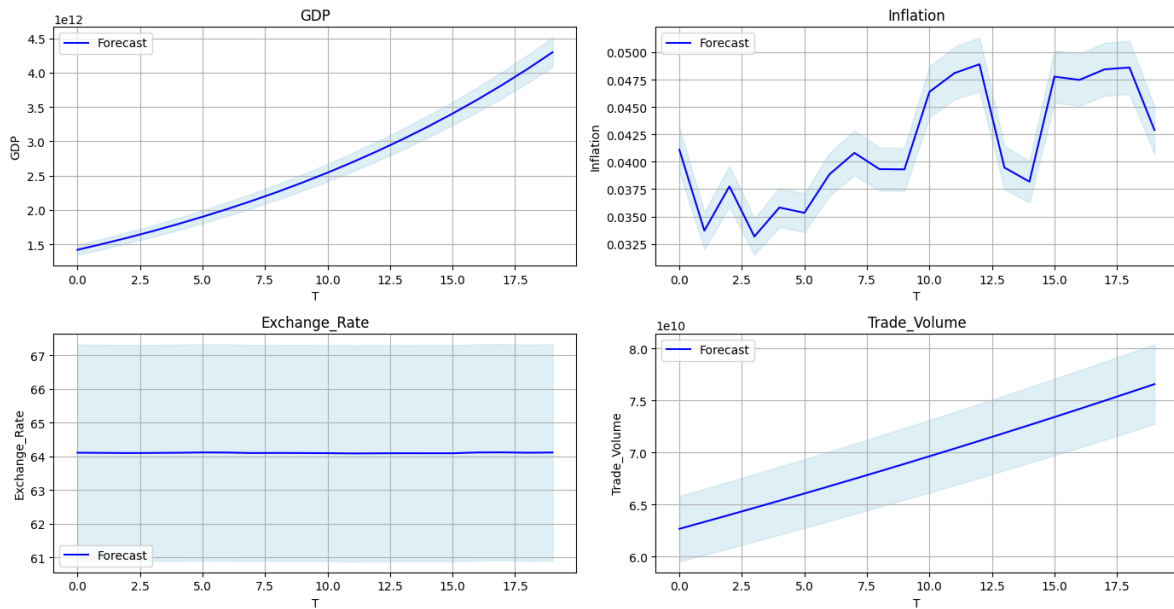
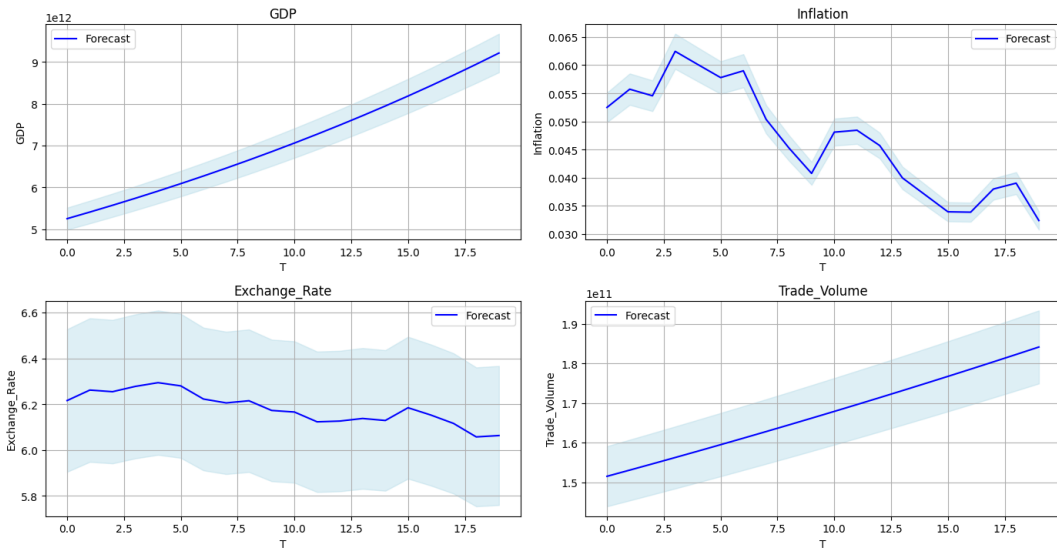


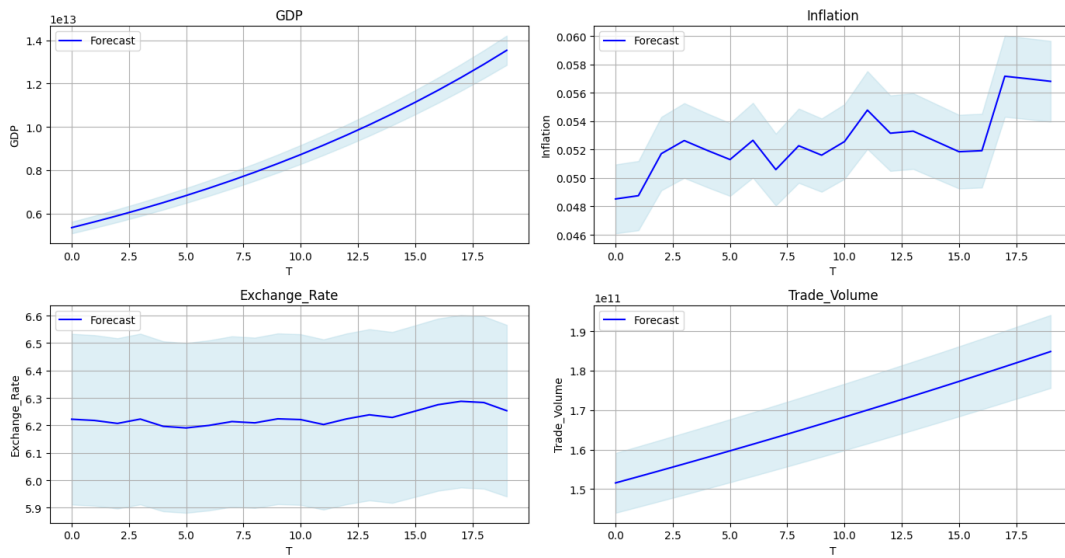
Figure 9: Scenarios

### Appendix 5: Simulation of an economic system within the framework of a single monetary system for China

Scenario: Baseline



Scenario: Partial Integration



Scenario: Full Integration

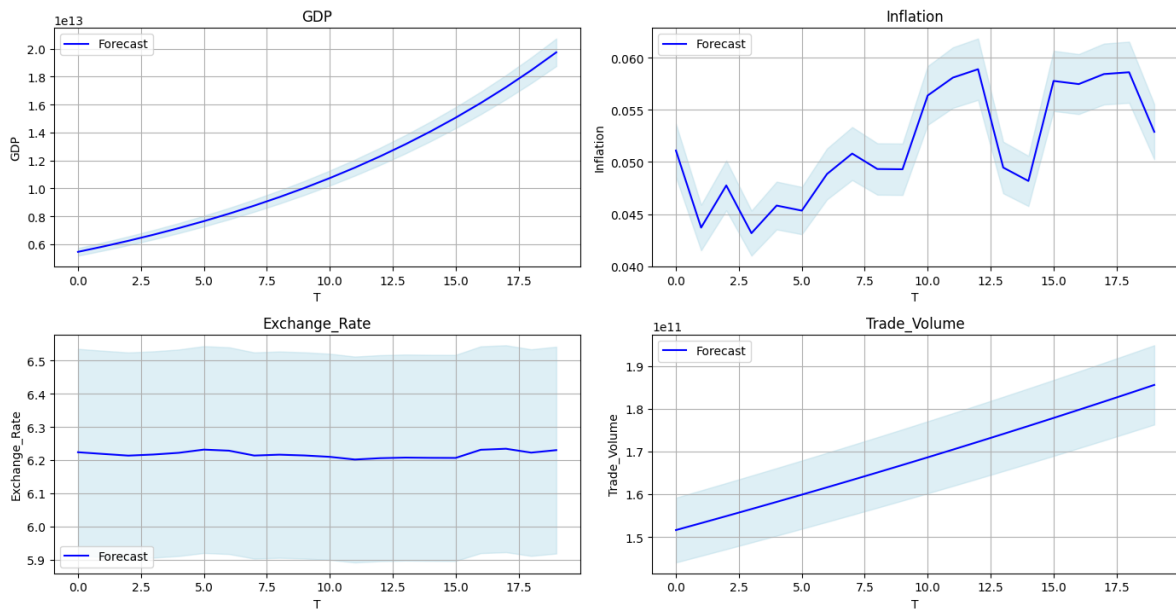
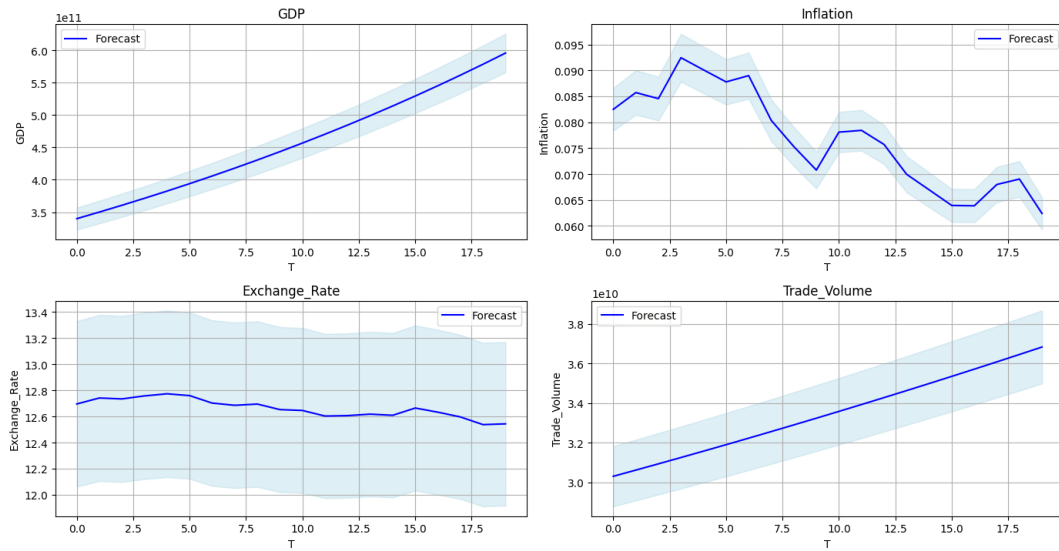


Figure 10: Scenarios

### Appendix 6: Simulation of an economic system within the framework of a single monetary system for South Africa

Scenario: Baseline



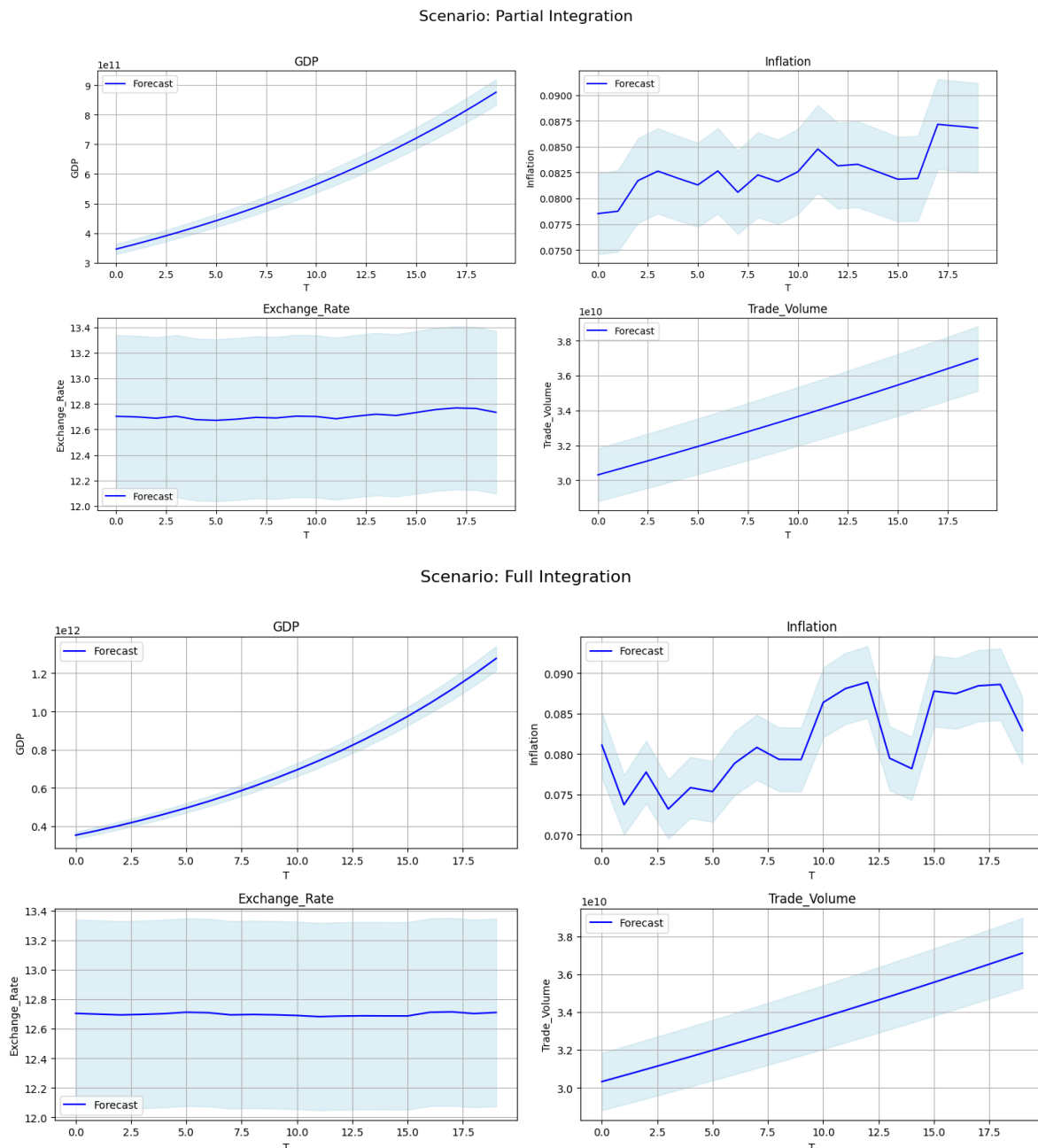


Figure 11: Scenarios

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# Leveraging BRICS: South Africa's Pursuit of Soft Power and Cultural Diplomacy Frameworks in a Multipolar World

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## Abstract

In the realm of soft power, South Africa, a mixed economy and post-apartheid democratic country, has emerged as a significant influencer in post-colonial Africa, particularly in the post-apartheid era. This elevated status presents a dual opportunity. On one hand, South Africa can use its position as a gateway to the African continent, capitalising on its reputation as a one-stop shop for investment and diplomacy. On the other hand, this very same status often leads to South Africa being perceived as a conduit to Africa's vast, untapped resources, a perception that warrants careful consideration in the context of sustainable development and equitable partnerships. As the dynamics of global politics continue to evolve, it is crucial to acknowledge the complexities inherent in South Africa's position and the implications thereof for the African continent and BRICS. The notion surrounding BRICS remains a contentious issue, sparking intense debate. It is noteworthy that numerous countries from the Global North and Global South leverage South Africa's infrastructure to tap into the vast potential of African states. South Africa's unique position, boasting a comprehensive array of embassies, cements its status as a continental hub - a distinction that Ethiopia, the only African nation never to have been colonised, cannot claim despite its rich history. Accordingly, this study examines South Africa's strategic use of soft power and cultural diplomacy within the BRICS alliance, analysing its unique role as the bloc's sole African representative. Grounded in Joseph Nye's theory of soft power, the research employs a qualitative methodology using secondary data, document analysis, and case studies to assess how South Africa leverages its post-apartheid identity, cultural assets, and diplomatic networks to enhance its global influence. The findings reveal a significant soft power paradox: while South Africa possesses substantial assets, including its democratic transition, Ubuntu philosophy, and gateway position in Africa, its influence is critically undermined by domestic challenges such as xenophobia and economic inequality, which create a credibility gap. The study concludes that for South Africa to convert its symbolic representation into substantive leadership within BRICS, it must institutionalise its cultural diplomacy, proactively forge a cohesive African caucus within the enlarged bloc, and decisively address its internal contradictions.

**Keywords:** Cultural Diplomacy, Soft Power, BRICS, South Africa, Multipolarity, Ubuntu, Global Governance

## 1. Introduction

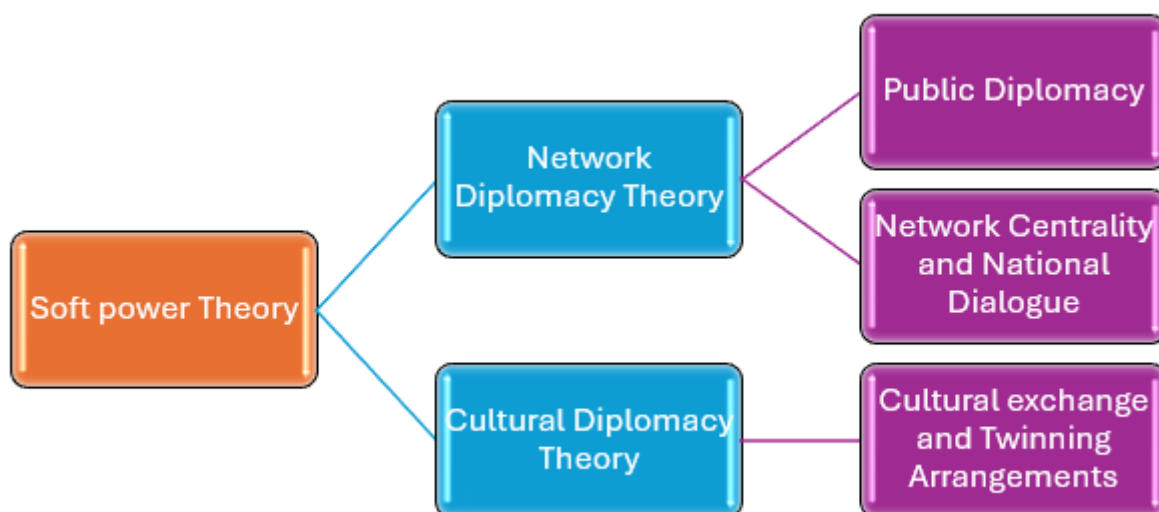
The dawn of the twenty-first century witnessed a significant reconfiguration of global power, marked by the “*rise of the rest*” (Amsden, 2001) as emerging economies began to challenge the post-Cold War unipolar moment. In 2006, Brazil, Russia, India, and China (BRIC) allied to counterbalance the political and economic dominance of North America and Western Europe (BBC, 2024). This coalition was fundamentally redefined in 2010 with the inclusion of South Africa, transforming it into BRICS and signalling a deliberate move to unite the most influential developing nations. Unlike traditional alliances reliant on military or economic coercion, BRICS has strategically employed soft power - the ability to shape others’ preferences through attraction and persuasion rather than force (Nye, 2017) to contest established powers and advocate for a more multipolar world order (Vasudeo, 2019). South Africa’s accession to BRICS was a pivotal foreign policy decision, coinciding with its landmark hosting of the 2010 FIFA World Cup, an event that projected its cultural diversity and capabilities to a global audience. This move positioned South Africa not merely as a member state but as the sole African representative within this influential bloc. Its membership is thus dual-pronged: to advance national interests and to serve as a strategic advocate for the African continent on issues ranging from global economic governance reform to sustainable development (Sidiropoulos et al., 2018). This role is guided by its National Development Plan and a foreign policy architecture that prioritises cultural diplomacy and soft power as central tools to enhance its global influence, a commitment recently reiterated in President Cyril Ramaphosa’s 2025 State of the Nation Address.

Empirically, the benefits of this engagement are evident. Trade with BRICS partners has grown consistently as the New Development Bank has funded twelve major infrastructure projects in South Africa valued at over ZAR 100 billion (Mazenda & Masiya, 2021; Adélé, 2023). The recent expansion of BRICS to include Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE further underscores the bloc’s evolving strategy and growing influence, presenting new opportunities and challenges for South Africa’s role within the alliance (Tella, 2022). Nevertheless, South Africa’s soft power strategy is fraught with contradictions and challenges. Its distinct value proposition, rooted in its post-apartheid democratic identity, its extensive diplomatic network across Africa, and the philosophical concept of Ubuntu, is persistently undermined by domestic issues, including xenophobic violence, racial tensions, and economic inequality. Moreover, its relatively smaller economy constrains its ability to set the BRICS agenda, raising questions about the symmetry of benefits and the authenticity of its role as an African champion (Kundu, 2014; Umezurike & Ogunnubi, 2016). The entry of new BRICS members also risks diluting South Africa’s unique position and tests its capacity to consolidate a coherent African agenda within the bloc. It is against this backdrop that this study investigates the central research problem: *How effectively does South Africa leverage soft power and cultural diplomacy within the BRICS framework to enhance its global influence, and what internal and external factors constrain its success?* This paper argues that while BRICS provides a crucial platform for South Africa to project influence, the full potential of its soft power remains unrealised due to a credibility gap between its international aspirations and its domestic realities, as well as the shifting power dynamics within an expanding BRICS alliance.

The study is structured as follows: it first establishes a theoretical foundation using Joseph Nye’s soft power theory, complemented by frameworks of cultural and network diplomacy. It then outlines a qualitative methodology based on secondary data and case studies. Subsequent sections present empirical findings, offer a critical discussion of South Africa’s opportunities and constraints, and conclude with strategic and actionable recommendations for policymakers to refine South Africa’s BRICS engagement in a rapidly evolving global landscape.

## 2. Theoretical and Analytical Frameworks

In this study, Joseph Nye's theory of soft power is employed as the primary theoretical framework. Nye's theory, which emphasises the ability to influence others through attraction rather than coercion, provides a foundational lens for understanding how South Africa can leverage its cultural assets within BRICS to enhance its global standing (Nye, 2004). The theoretical framework allows the researcher to systematically explore the mechanisms through which South Africa projects its soft power, such as through cultural diplomacy, public diplomacy, and strategic alliances within the BRICS framework. By applying this theoretical lens, the study identifies key variables such as cultural policies, diplomatic initiatives, and international cooperation that contribute to South Africa's influence within BRICS (Huntington, 1996; Snow and Taylor, 2009). The theoretical framework also facilitates the formulation of research questions and hypotheses that are aligned with established knowledge in the field of international relations, ensuring that the study contributes meaningfully to the existing body of literature. The theoretical and conceptual frameworks underpinning this study offer critical insights into how South Africa can effectively leverage its position within the BRICS alliance to enhance its global influence. These frameworks are grounded in well-established theories of soft power, cultural diplomacy, and network diplomacy, each of which provides a lens through which to examine South Africa's strategic interactions within BRICS. The denotative and connotative meanings of concepts are also evaluated.



**Figure 1:** Theoretical Framework, Cultural Diplomacy and Soft Power: BRICS as a Platform for South Africa

### 2.1 Soft Power Theory

Joseph Nye's theory of soft power, first articulated in his seminal work *Bound to Lead* (1990), serves as a critical foundation for understanding the complex dynamics of influence in international relations, especially for emerging economies like South Africa (De Martino, 2020). Soft power is defined by Nye as the ability to shape the preferences and actions of others through attraction and persuasion rather than through coercion or force (Nye, 2004). This concept relies on intangible assets such as culture, values, and policies, which collectively enhance a nation's dialogue and influence on the global stage. Nye emphasises that while the term "soft power" is relatively new, the behaviours it encapsulates have deep historical roots in South Africa from the Ubuntu paradigms. For example, Alan Hunter (2009) notes that the concept of soft power has been integral to Chinese military

thinking for over two millennia. In the Chinese context, soft power is characterised by two key components: stratagems, often associated with Sun Tzu's *Art of War* (2007), and moral leadership rooted in Confucianism. This dual focus on strategy and ethics underscores the broad applicability of soft power across different cultural and historical contexts, highlighting the importance of non-coercive methods of influence (Hunter, 2009).

A significant aspect of the soft power debate centres on its relationship with hard power. Nye conceptualises power as a spectrum that includes both hard and soft elements. Hard power encompasses the economic and military capabilities that enable a state to coerce or compel others, while soft power is derived from cultural appeal, values, and policies that attract others to align with a state's goals. Unlike hard power, which relies on "carrots and sticks," soft power works through the attraction of others to one's agenda in world politics. As Nye (2002) famously stated, soft power is about "getting others to want what you want" (Nye, 2002, p. 109). However, this distinction between soft and hard power is not universally accepted. Critics like Niall Ferguson argue that soft power is merely a disguised form of hard power, asserting that what ultimately matters in international relations is the ability to exert tangible force or economic pressure (Mcveigh, 2010). Similarly, Eric Li contends that soft power is simply an extension of hard power, derived from the same sources of strength but manifesting in different forms (Li, 2018). These critiques highlight the ongoing debate over whether soft power can truly stand alone as a distinct form of influence or whether it is inextricably linked to more traditional forms of power.

In the context of South Africa, soft power theory is particularly relevant as the country seeks to solidify its role within the BRICS framework. South Africa's rich cultural heritage, commitment to democratic values, and the legacy of post-apartheid reconciliation offer significant opportunities to project soft power on the international stage (Gallarotti, 2011). By effectively leveraging these attributes, South Africa can shape global perceptions, forge strategic alliances, and enhance its influence within the Global South, particularly within BRICS. Thus, the ability to harness soft power is crucial for South Africa's ambition to position itself as a leader in promoting African interests globally. Through cultural diplomacy, South Africa can highlight its unique cultural narratives, share its experiences of overcoming apartheid, and promote its democratic values, thereby fostering deeper connections with other BRICS nations and beyond. This soft power strategy not only strengthens South Africa's standing within BRICS but also contributes to its broader foreign policy objectives of advancing African development and representing the continent's interests on the global stage (Nye, 2004).

As the global geopolitical landscape continues to evolve, South Africa's reliance on soft power becomes increasingly vital. In a world where military and economic power are often insufficient to achieve lasting influence, soft power offers South Africa a means to assert its presence and advocate for its priorities without resorting to coercion. By engaging in cultural exchanges, promoting its values, and participating actively in international institutions, South Africa can enhance its soft power, thereby playing a more influential role in shaping global governance and contributing to a more equitable world order. In linking this theoretical framework to the overall study, Nye's concept of soft power serves as a guiding lens through which South Africa's strategies within BRICS can be analysed. It helps to explain how South Africa can utilise cultural diplomacy as a means to influence other BRICS members and shape international norms in favour of its own national interests. The framework also provides the basis for understanding the interplay between soft and hard power in the global context, particularly in the strategies employed by emerging economies like South Africa as they navigate the complexities of global governance. This integration of soft power theory into the study's conceptual framework ensures that the analysis is both theoretically grounded and relevant to the practical realities of South Africa's international relations strategy within BRICS.

## 2.2 Soft Power: The Subtle Art of Influence

Soft power, as conceptualised by Joseph Nye, is the ability of a country to influence others to achieve desired outcomes through attraction rather than coercion or payment (Nye, 2004). Unlike hard power, which relies on military might or economic leverage, soft power draws on a nation's cultural appeal, its values, and its policies. In contemporary international relations, where the balance of power increasingly hinges on persuasion and attraction, soft power is a crucial tool. The efficacy of soft power lies in its capacity to shape the preferences and behaviours of other nations by making a country's culture, values, and policies attractive and desirable. (Petroni, 2019)

A nation's soft power is fundamentally rooted in three primary resources: culture, values, and policies. Table 1 below elaborates on these 3 resources.

**Table 1:** Soft power, primary resources

<b>Culture</b>
<p>South Africa's rich cultural heritage is a vital aspect of its soft power, shaped by its complex history and diverse population. The country's commitment to reconciliation, as seen in the Government of National Unity One (GNU I- 1995-2000) and GNU II (2024-2029), has contributed to its attractiveness as a global partner. This commitment was further delivered by the State President of the Republic South Africa during the State of the Nation Address (SONA) on 06 February 2025 supported by Brazil, Russia, India, China, and South Africa (BRICS) countries, with an emphasis on exchange and twinning institutional arrangements aligned with the Africa Continental Free Trade Area (AfCFTA), the African Union (AU) Agenda 2063, the One Belt and One Road signed between the People's Republic of China and the Republic of South Africa in 2015 as extended to various Asian Tigers, BRICS Countries, and the Forum on China-Africa Cooperation (FOCAC)</p> <p>Aligned to Nye (2017) ideology of soft power in Africa as a cradle of humankind and root of humanity or ubuntu paradigm and related socio-economic engineering soft power interventions (RDP White Paper 1994: 7-9), it is argued that the South Africa's cultural exports, including films, music, and literature, serve as powerful tools for promoting its values and way of life. The country's vibrant arts scene, diverse cuisine, and traditional music have captivated global audiences, fostering greater understanding and cooperation. Furthermore, South Africa's participation in international agreements and forums, such as the Africa Continental Free Trade Area (AfCFTA), the African Energy Declaration, and the Forum on China-Africa Cooperation (FOCAC), demonstrates its commitment to promoting its culture and values globally. In addition to its cultural exports, South Africa has also leveraged international events to promote its culture and values. The country's hosting of the Rugby World Cup in 1995 and the Federation Internationale de Football Association (FIFA) World Cup in 2010 showcased its ability to promote cultural exchange, resilience, and socio-economic cohesion. As a new member of the Brazil, Russia, India, China, and South Africa (BRICS) grouping, South Africa has also used these events to advance the notion that football is more than a game, promoting cultural exchange and people-to-people diplomacy. Accordingly, South Africa's cultural diversity is reflected in its 12 official languages, including KhoeSān or KhoiSān (Inkhwe and San, English, Afrikaans, Ndebele, Sepedi/Northern Sotho, Xhosa, Venda, Tswana, Southern Sotho, Zulu, Swazi or SiSwati, and Tsonga. The country's diverse population comprises various ethnic groups, including the Zulu, Xhosa, Afrikaans, English, Indian, and KhoeSān or KhoiSān communities, each with its unique cultural practices, traditions, and customs.</p>
<b>Values</b>
<p>South African values, deeply rooted in Africa's rich history and heritage, are founded on the principles of democracy, human rights, and social justice. As part of the African continent, South Africa is considered the cradle of humankind, home to a diverse array of cultures, languages, and traditions. The continent's values, shaped by its complex history and the confluence of ancient civilisations, have been influenced by its strategic position at the crossroads of the world.</p> <p>The African values of Ubuntu, or humanism, emphasise the importance of community, mutual respect, and cooperation. These values are increasingly being recognised and championed by African nations, as well as by international partners, including BRICS countries, the Middle East, and Asian Tigers. The influence of African values on globalisation, competition, and international relations is growing, as the continent seeks to reengineer its values and reclaim its position on the world stage.</p>

The discovery of new heritage sites, mineral resources, and ancient engineering marvels has sparked a renewed interest in Africa's rich cultural heritage. The continent's ancient civilisations, such as Egypt, Nubia, and Axum, have left an indelible mark on human history. The pyramids of Giza, the temples of Abu Simbel, and the rock-hewn churches of Lalibela are testaments to Africa's ingenuity, creativity, and innovative spirit.

Through its membership in BRICS, South Africa plays a dual role in positioning its national and African interests to reclaim its global competitiveness, leveraging its rich mineral resources. South Africa's values are increasingly being recognised and respected by international partners, including the G7 and G20, since 2010. The African Union's Agenda 2063, which aims to promote economic integration, peace, and stability across the continent, is a testament to Africa's commitment to its values and principles.

As noted in the Government Gazette (2 February 1996, No. 16943: 18), "the Reconstruction and Development Programme (RDP) is aimed at promoting economic growth and development, reducing poverty and inequality, and improving the quality of life for all South Africans." Furthermore, Dr Ruel Khoza (2005: 157) emphasises the importance of African values in shaping the continent's future, stating that "African leaders must reclaim their cultural heritage and use it as a foundation for building a new Africa that is proud of its past, confident in its present, and hopeful for its future."

Using Nye's theoretical framework, supported by South African policies and Dr Ruel Khoza's work, it is evident that South African values, rooted in Africa's rich history and heritage, are founded on the principles of democracy, human rights, and social justice. As Africa seeks to reclaim its position on the world stage, its values are increasingly being recognised and respected by international partners. The continent's growing influence on globalisation, competition, and international relations reflects its rich cultural heritage and the values that underpin it. Accordingly, A nation that champions and exemplifies universally respected values in BRICS and other global forums of G7 and G20 can build a positive international reputation, making it a model for others to emulate, concluded Anholt (2007).

### **Policies**

The Convention for a Democratic South Africa (CODESA) was a pivotal moment in South Africa's transition to democracy, shaping the country's policies, strategies, and plans from 1991 to 1992. The negotiations were guided by the Declaration of Intent, which committed parties to establishing a democratic, non-racial, and non-sexist society. This commitment to human rights, democracy, and equality has been recognised globally, enhancing South Africa's soft power. The Freedom Charter of 1955, adopted by the African National Congress (ANC), was a significant influence on CODESA. The charter's emphasis on equality, justice, and human rights aligned with the conscious philosophy of China, which prioritises people-centred development and social harmony. This alignment reflects the growing recognition of the importance of human rights and social justice in international relations. The concept of Ubuntu, or African humanism, is central to South Africa's soft power. Ubuntu emphasises the importance of community, mutual respect, and cooperation. As Khoza (2005: 140) explains, Ubuntu provides a framework for a new approach to leadership, based on African principles. This approach prioritises people-centred development, social harmony, and cooperation. The African Renaissance, a concept popularised by former President Thabo Mbeki, is closely tied to the idea of Ubuntu. The African Renaissance aims to promote cultural revival, peace, security, democracy, and wealth creation in Africa. This movement seeks to reclaim Africa's rich cultural heritage and promote African solutions to African problems. South Africa's leadership in international forums, such as BRICS and FOCAC, demonstrates its commitment to global well-being and cooperation. The country's role in international climate change initiatives and humanitarian assistance has strengthened its reputation as a responsible global citizen. As Keohane and Nye (1998) note, policies that promote environmental protection, humanitarian aid, and conflict resolution can significantly contribute to a nation's soft power.

### *Public Diplomacy: The Vanguard of Soft Power*

With the understanding of the Ubuntu paradigm, the soft power relies on public diplomacy. Public diplomacy plays a pivotal role in the exercise of soft power. It involves engaging with foreign publics to inform and influence them, thereby building a positive image and fostering mutual understanding. Historically, public diplomacy has been instrumental in shaping global perceptions, as seen during the Cold War when the appeal of Western culture and values significantly undermined the Soviet bloc (Cull, 2009). In today's global landscape, public diplomacy is more relevant than ever, especially

in the context of transnational challenges such as terrorism. The struggle against transnational terrorism is not merely a military battle but also a fight to win hearts and minds. Overreliance on hard power, such as military interventions and economic sanctions, often fails to address the root causes of terrorism and can exacerbate the problem. Public diplomacy, when used smartly, becomes a critical tool in addressing these challenges.

For public diplomacy to be effective in generating soft power, it must be “smart.” This entails several key elements:

Soft power is an essential component of a country’s influence in the modern world. By leveraging culture, values, and policies, nations can attract and persuade others, achieving their goals through voluntary alignment rather than coercion. A smart power strategy that integrates both hard and soft power, supported by robust public diplomacy, is crucial for navigating today’s complex global landscape. Public diplomacy, when executed with credibility, self-criticism, and active civil society engagement, becomes a powerful tool in a nation’s arsenal, capable of shaping global perceptions and fostering international cooperation.

### 2.3 Cultural Diplomacy Theory

Diplomacy as a practice and theoretical concept has long been an integral part of international relations, predating the formal development of diplomatic theory within the academic discipline of International Relations (IR). In modern academic theorising is seen as the systematic organisation of ideas and principles that aim to explain specific phenomena (Constantinou & Sharp, 2016). The study of diplomacy has increasingly embraced perspectives from disciplines beyond IR, including sociology, anthropology, psychology, theology, philosophy, and cultural studies, leading to a more pluralistic and comprehensive understanding of diplomacy. Among these perspectives, cultural diplomacy has emerged as a critical subset of diplomacy, particularly relevant for states seeking to assert their identity and influence on the global stage.

Cultural diplomacy refers to the set of activities undertaken by, or in collaboration with, the diplomatic authorities of a state, aimed at promoting the state’s foreign policy interests through cultural exchange (Pajtinka, 2014). This form of diplomacy allows states to craft, communicate, and share their national identities globally, making it an essential tool for emerging nations. Despite its significance, cultural diplomacy was not formally recognised as a distinct concept until the mid-20th century, when the term gained prominence during the Cold War as the United States and the Soviet Union engaged in a global struggle for influence. The U.S. Department of State first defined cultural diplomacy in 1959 as “the direct and enduring contact between people of different nations [...] to help create a better climate of international trust and understanding in which official relations can operate” (U.S. Department of State, 1959, iv) (Grincheva, 2023). This definition underscores the role of cultural diplomacy in fostering mutual understanding and creating a foundation for more effective diplomatic relations. In practice, cultural diplomacy encompasses a range of activities, including promoting national culture and identity, facilitating the dissemination of a nation’s language abroad, and negotiating international treaties on cultural cooperation. These activities are tailored to reflect a state’s foreign policy priorities and ambitions, and they vary in structure and intensity depending on the state’s objectives and resources.

Cultural diplomacy theory provides a framework for understanding how South Africa can leverage its rich cultural resources to enhance its influence within the BRICS alliance. This theory posits that the exchange of cultural artefacts, ideas, and practices plays a crucial role in fostering mutual understanding and strengthening international relations (Mark, 2009). For South Africa, cultural diplomacy offers a strategic avenue to project its national identity, values, and cultural heritage

on the global stage, thereby enhancing its soft power. Within the BRICS framework, cultural diplomacy allows South Africa to showcase its diverse cultural heritage, which includes its history of struggle and reconciliation, its vibrant arts scene, and its linguistic diversity. By engaging in cultural exchanges with other BRICS nations, South Africa can build bridges that facilitate greater cooperation and understanding among these emerging powers. These cultural exchanges serve not only to bolster South Africa's soft power but also to advance its broader foreign policy objectives within BRICS. Through cultural diplomacy, South Africa can position itself as a leader in promoting African interests, fostering deeper ties with other emerging economies, and contributing to a more equitable global order.

Cultural diplomacy aligns with South Africa's ambition to assert its identity as a key player in international affairs, particularly within the Global South. By promoting its cultural assets and values through the BRICS platform, South Africa can strengthen its influence and build lasting partnerships that reflect shared interests and mutual respect. This strategic use of cultural diplomacy is crucial for South Africa as it seeks to navigate the complexities of global governance and advocate for the interests of Africa and other developing regions. Cultural diplomacy theory offers valuable insights into how South Africa can utilise its cultural resources to enhance its global influence within the BRICS alliance. By engaging in cultural diplomacy, South Africa can effectively project its national identity, build strategic alliances, and support its foreign policy objectives. This approach not only strengthens South Africa's position within BRICS but also contributes to its broader goal of promoting African interests on the international stage. Through cultural diplomacy, South Africa can play a pivotal role in shaping the future of global governance and fostering a more inclusive and cooperative world order.

#### 2.4 Cultural and diplomatic relations within BRICS: A collaborative and strategic partnership

Cultural diplomacy, although a relatively recent term, has deep historical roots, tracing back to the activities of early explorers, traders, teachers, and artists who served as ambassadors of their cultures and ideas across the world (Grincheva, 2023; Ang et al., 2015). In today's global context, especially amidst economic challenges, cultural diplomacy has emerged as a crucial tool for fostering international cooperation, economic development, and cultural exchange. By promoting cultural exchange programs, cultural diplomacy facilitates skills development, bolsters creative industries, and drives both national and regional economic growth (Agbai et al., 2014). This approach not only enhances a nation's soft power but also contributes to global stability by promoting mutual understanding and cooperation among states (Saaida, 2013).

Cultural diplomacy operates on multiple levels, influencing global public opinion and shaping the ideologies of individuals, communities, and nations (Ang et al., 2015). In a world marked by competing interests and ideologies, the prioritisation and acceleration of cultural diplomacy are essential for South Africa. By actively projecting its image, values, and cultures both domestically and internationally, South Africa can strengthen its global standing and foster deeper ties with other nations. As Nye (2004) suggests, cultural diplomacy represents a long-term investment in nurturing a shared sense of culture, art, and heritage, with the potential to reshape the world into a more interconnected and understanding global community.

The significance of cultural diplomacy becomes particularly evident during observances such as Human Rights Month, where its role in safeguarding and advancing the right to artistic and cultural expression is highlighted. Cultural clashes often arise when one society attempts to impose its culture on another, leading to conflict (Ogharanduku & Tinuoye, 2020). In this context, cultural diplomacy serves as a vital component of diplomatic practice, promoting national culture abroad and mitigating cultural conflicts. For South Africa, enhancing its diplomatic toolkit with a stronger

emphasis on cultural diplomacy could significantly advance its international interests, foster mutual understanding, and enhance global cooperation through cultural exchange and dialogue (Slaughter, 2009).

Within the BRICS alliance, comprising Brazil, Russia, India, China, and South Africa, cultural and diplomatic relations play a pivotal role in promoting economic growth and development through multifaceted cooperation initiatives. Joint investment projects, trade agreements, and infrastructure development among BRICS countries facilitate the pooling of resources and expertise, enabling large-scale projects that individual nations might struggle to undertake independently (Prinsloo, 2022). This collaborative approach stimulates economic activities, spurs job creation, and fosters technological advancement across member states. Research underscores the potential of economic cooperation within BRICS to elevate living standards by fostering sustainable development and reducing inequalities among participating nations (Hooijmaaijers, 2021; Duggan et al., 2022). Beyond economics, BRICS and similar alliances play a crucial role in fostering cultural and people-to-people exchanges. These interactions are instrumental in deepening mutual understanding, building trust, and enhancing diplomatic relations among member countries. By promoting cultural exchanges, alliances like BRICS contribute to global harmony and stability by mitigating potential conflicts through increased dialogue and cooperation on shared values and interests. This aspect of cultural diplomacy is essential for promoting peaceful coexistence and collective prosperity, particularly in regions characterised by historical tensions or differing perspectives (Hameiri & Lee, 2012).

South Africa's diverse cultural heritage gains international prominence through initiatives such as the BRICS Film Festival and other cultural exchange programs (Cocks, et al., 2017). These initiatives not only enrich South Africa's cultural landscape but also enhance its soft power by showcasing its cultural diversity on a global platform. South Africa's participation in BRICS, therefore, represents an investment in a future marked by global interdependence and collaboration. The benefits of economic growth, diplomatic influence, development opportunities, technological exchange, and cultural enrichment all underscore the transformative impact of this alliance. As South Africa engages with its BRICS partners, it not only secures its national interests but also contributes to the emergence of a more equitable and multipolar world order (Tella, 2022).

In addition to that, the African Continental Free Trade Area (AfCFTA) represents a significant initiative aimed at enhancing economic cooperation and integration across the African continent (Kuhlmann, et al., 2020). Like BRICS, AfCFTA seeks to boost intra-African trade, foster industrial development, and create a unified market for goods and services. Studies suggest that AfCFTA could unlock substantial economic growth opportunities for African countries by reducing trade barriers and promoting regional economic integration (Chapon et al., 2020; Briggs, 2021). Furthermore, AfCFTA's focus on economic integration is complemented by cultural exchange initiatives that strengthen social ties and promote a sense of African unity amidst diversity.

The deepening cooperation among BRICS countries has also led to significant institutional developments, such as the establishment of the New Development Bank (NDB) (Adams, 2023). The NDB offers new resources and perspectives from emerging powers to the developing world, providing an alternative to traditional Western-led financial institutions. Assessing the impact of these initiatives on existing international financial institutions will be crucial in understanding the evolving dynamics of global governance (Takahashi, 2021). However, the soft power efforts within BRICS have been uneven, with countries like China and Russia being more proactive than others, such as South Africa. To fully realise their potential, BRICS countries need to more effectively recognise and utilise their cultural resources and public diplomacy. This recognition is essential for enhancing the alliance's collective influence on the global stage.

Alliances like BRICS and initiatives such as AfCFTA not only promote economic growth and development through collaborative projects but also contribute to global stability by enhancing cultural understanding and fostering diplomatic relations. The literature highlights the transformative potential of these alliances in advancing collective prosperity and sustainable development on both regional and global scales. A cooperative approach, guided by a collaborative mindset, may best serve BRICS countries in their efforts to peacefully and constructively transform the current world order.

## 2.5 Intersection of Network Diplomacy and Public Diplomacy

Network diplomacy is an evolving concept that addresses the complexities of modern international relations by emphasising the role of networks in diplomatic interactions. This theory is particularly relevant in the context of public diplomacy and network centralisation, as it integrates the idea that modern diplomacy operates within a networked environment where both state and non-state actors interact. The theory suggests that diplomacy is no longer the exclusive domain of states but involves a complex web of relationships among various actors (Morozov, 2023).

### *Public Diplomacy*

Public diplomacy, unlike traditional state-centric diplomacy, focuses on engaging with foreign publics to influence their perceptions and attitudes towards a country. This approach leverages soft power to achieve foreign policy objectives through means such as cultural exchanges, international broadcasting, and social media campaigns (Saskia, 2022). Public diplomacy emphasises building relationships with non-state actors, including the general public, NGOs, and the media, recognising the power these actors hold in shaping international opinions and policies.

### *Network Centralization*

Network centralisation refers to the degree to which a network's structure is dominated by a central node or a few central nodes. In highly centralised networks, a few key actors hold significant influence over the flow of information and resources. While centralisation can lead to efficient decision-making and coordination, it also poses risks if these central nodes are compromised, potentially undermining the entire network (Morozov, 2023).

### *Intersection of Public Diplomacy and Network Centralisation*

The intersection of public diplomacy and network centralisation offers several strategic insights into how diplomatic efforts can be optimised in a networked global environment:

#### *Enhanced Communication*

Centralised networks can enhance the effectiveness of public diplomacy by streamlining communication channels. Influential media outlets or prominent NGOs, as central nodes, can efficiently disseminate messages to a broader audience, thereby amplifying the reach and impact of public diplomacy initiatives (Theoretical Analysis and Implications of Network Diplomacy Concept, 2024).

#### *Strategic Alliances*

Public diplomacy efforts benefit significantly from strategic alliances with central nodes in the network. These alliances can magnify the influence of diplomatic initiatives, making it easier to shape public opinion and achieve foreign policy goals (NETWORK DIPLOMACY: THEORY - SSRN, 2024).

### *Resilience and Adaptability*

While centralisation offers communication efficiency, it also demands resilience and adaptability. Public diplomacy strategies must be flexible enough to respond to changes within the network, such as shifts in public sentiment or the emergence of new influential actors (Network Approach in Public Diplomacy: A Critical Analysis, 2024).

### *Challenges of Centralisation*

Over-reliance on central nodes can be risky. If these nodes lose credibility or are compromised, the effectiveness of the entire network can be undermined. Therefore, a balanced approach that incorporates both centralised and decentralised elements can enhance the robustness and resilience of public diplomacy efforts (The Role of Networks in Public Diplomacy, 2024). Network diplomacy theory provides a valuable framework for understanding the interplay between public diplomacy and network centralisation. By leveraging the strengths of both concepts, diplomatic actors can navigate the complexities of modern international relations more effectively. This intersection highlights the importance of both centralising communication for efficiency and maintaining flexibility to adapt to the dynamic nature of global networks. Such an approach enables states and non-state actors to enhance their influence, achieve diplomatic objectives, and contribute to global governance in a more nuanced and effective manner. By integrating network diplomacy into the broader theoretical and conceptual frameworks of soft power and cultural diplomacy, the study underscores the strategic importance of networks in shaping international relations. This multifaceted approach ensures that diplomatic initiatives are not only effective in the short term but are also sustainable and adaptable in the face of evolving global challenges.

## **3. Conceptual Framework**

In this study, the conceptual framework is built around three central concepts: Cultural Diplomacy, Soft Power, and BRICS as a Platform. These concepts are crucial for understanding how South Africa navigates its role within the BRICS alliance by leveraging its cultural assets and soft power strategies. Below, each concept is defined both connotatively (the implied or associated meaning) and denotatively (the literal or explicit meaning), providing a comprehensive understanding of their significance in the context of this research.

### **3.1 Cultural Diplomacy**

#### *Denotative Meaning*

Cultural diplomacy refers to the exchange of cultural elements—such as ideas, values, traditions, and artistic expressions—between nations to foster mutual understanding, strengthen relationships, and promote national interests (Ang, et al., 2015). It is an official state policy that involves the deliberate projection of a nation's cultural heritage and values to influence foreign publics and governments (Georghiou, 2015).

#### *Connotative Meaning*

Beyond its formal definition, cultural diplomacy carries connotations of building bridges across cultural divides, nurturing long-term international relationships, and creating a positive global image. It embodies the idea that culture can be a powerful tool in softening political tensions and enhancing a country's influence on the global stage (Grincheva, 2023). For South Africa, cultural diplomacy is not only about showcasing its rich and diverse cultural heritage but also about positioning itself as a

leader in the Global South, advocating for African interests, and contributing to global cultural and diplomatic discourses.

### 3.2 Soft Power

#### *Denotative Meaning*

Soft power is the ability to shape the preferences and behaviours of others through appeal and attraction, rather than coercion or payment (Tella, 2022). It is derived from the cultural, ideological, and policy-based influence that a country can exert internationally, making other nations want to emulate or align with its values and goals.

#### *Connotative Meaning*

Soft power suggests a subtle, yet profound, form of influence that operates through admiration and voluntary alignment rather than fear or financial incentives. It is often associated with the power of persuasion, the allure of cultural products, and the appeal of political ideals (Nye, 2017). For South Africa, leveraging soft power within the BRICS framework involves using its history, democratic values, and cultural assets to inspire cooperation, foster deeper connections, and advocate for reforms in global governance that reflect the interests of the Global South.

### 3.3 BRICS as a Platform

#### *Denotative Meaning*

BRICS is an acronym for a coalition of five major emerging economies: Brazil, Russia, India, China, and South Africa (Umezurike & Ogunnubi, 2016). This alliance was formed to foster economic, political, and cultural cooperation among its members, providing a collective platform to influence global economic governance and challenge traditional Western dominance in international affairs.

#### *Connotative Meaning*

The influence of non-Western powers in shaping the global order. As a platform, it represents an opportunity for South Africa to engage with other powerful emerging economies on equal footing, enhancing its strategic influence and advancing its national interests (Buser, 2021). The BRICS alliance also connotes a collective effort to redefine global norms, promote multipolarity, and ensure that the voices of the Global South are heard and respected in international forums. For South Africa, BRICS is a crucial stage for exercising cultural diplomacy and soft power, helping it to build alliances, foster solidarity, and contribute to the creation of a more equitable global system.

### 3.4 Interaction between Cultural Diplomacy and Soft Power

Cultural diplomacy serves as a key mechanism through which soft power is exercised. By engaging in cultural exchanges and promoting its values, South Africa can enhance its soft power, making its culture and political ideals more attractive to other nations within the BRICS alliance. This interaction underscores the importance of cultural diplomacy as a strategic tool for amplifying South Africa's influence on the global stage.

### 3.5 BRICS as an Enabler of Soft Power and Cultural Diplomacy

BRICS provides the platform through which South Africa can deploy its cultural diplomacy initiatives and exercise its soft power. The alliance offers a collaborative space for cultural, economic, and political exchanges that are essential for building and sustaining influence. The BRICS platform enables South Africa to engage with other emerging powers, share its cultural narratives, and promote policies that reflect its national interests and those of the broader African continent.

### 3.6 Strategic Outcomes of the Conceptual Framework

By leveraging cultural diplomacy and soft power within the BRICS framework, South Africa aims to achieve several strategic outcomes: enhanced global influence, stronger bilateral and multilateral relationships, and a more prominent role in global governance (Agbai, et al., 2014). This approach not only benefits South Africa but also contributes to the collective goals of BRICS, particularly in advocating for a more balanced and inclusive international order. The conceptual framework outlined above provides a comprehensive and nuanced understanding of the key concepts driving South Africa's strategy within the BRICS alliance. By defining and exploring the connotative and denotative meanings of Cultural Diplomacy, Soft Power, and BRICS as a Platform, this framework sets the stage for a deeper analysis of how these concepts interact to shape South Africa's role in international relations. The framework also underscores the importance of these concepts in achieving the research objectives, offering a clear pathway for analysing South Africa's influence within the global context.

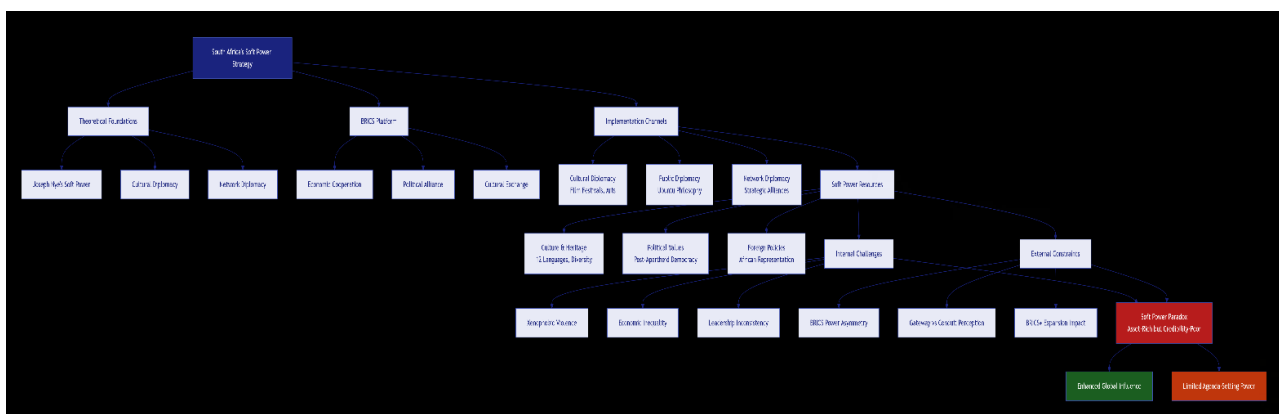
### 3.7 Soft Power and Cultural Diplomacy: Tools for Navigating Global Complexities

Soft power, as a concept, encompasses a range of strategies that nations use to influence global affairs without resorting to coercion. Unlike hard power, which relies on military force or economic pressure, soft power draws on cultural appeal, values, and policies to attract and persuade others (Ohnesorge, 2020). South Africa's post-apartheid journey of reconciliation and peacebuilding offers valuable lessons for global soft power initiatives. The emphasis on dialogue, understanding, and cultural exchange during this period demonstrates the potential of soft power to address deep-seated conflicts and promote international cooperation. A central element of South Africa's soft power strategy is the concept of Ubuntu, an African philosophy that emphasises interconnectedness and mutual respect. Ubuntu, which embodies the principle of "I am because you are," reflects a broader humanistic ideal that transcends borders and cultures, making it a powerful tool in South Africa's diplomatic efforts. By embracing Ubuntu, South Africa can foster greater understanding, cooperation, and lasting peace on a global scale, positioning itself as a moral leader in international affairs.

However, South Africa's soft power is not without contradictions and challenges. Recurring incidents of xenophobic violence have marred the country's image both regionally and globally, contradicting the values of tolerance and inclusivity central to its soft power narrative. These incidents have negatively impacted South Africa's ability to attract and co-opt other nations, weakening its soft power influence. In addition, inconsistencies in South Africa's leadership, particularly concerning its stance on African issues, have further undermined its soft power. Effective soft power relies on consistent and credible leadership that can champion and uphold the values being promoted. South Africa's foreign policy has sometimes exhibited contradictions, especially in balancing national interests with regional and continental aspirations. This ambivalence can dilute the effectiveness of its soft power, as it creates uncertainty about the country's true commitments and priorities.

### 3.8 Maximising South Africa's Soft Power Potential within BRICS

To fully harness its soft power potential and solidify its role as a significant player in global affairs, South Africa must address the internal contradictions that undermine its influence. By resolving these issues and projecting a more consistent and inclusive leadership, South Africa can better leverage its BRICS membership to enhance its global influence. This approach will require a more strategic alignment of South Africa's national interests with the broader goals of BRICS, ensuring that the country remains an active and influential participant in shaping the global agenda. South Africa's foreign policy realignment towards the Global South, particularly through BRICS, reflects a strategic shift in its international relations. However, the complexities and challenges associated with this shift necessitate a nuanced approach that leverages soft power, cultural diplomacy, and strategic partnerships. By addressing internal contradictions and enhancing its leadership consistency, South Africa maximises its soft power potential and plays a more influential role within BRICS. Moreover, aligning its cultural diplomacy efforts with SDG 17 provides a pathway for South Africa to contribute to global sustainable development while advancing its national and regional interests. Through these efforts, South Africa can reinforce its position as a key player in global governance, promoting a more equitable and multipolar world order.



**Figure 2:** Conceptual Framework of South Africa's Soft Power Strategy in BRICS.

## 4. Methodology

This study adopts a qualitative research design, drawing on secondary data sources, document analysis, and case studies to examine South Africa's use of soft power and cultural diplomacy within BRICS (Bowen, 2009). Data was sourced from trade statistics published by the International Monetary Fund (IMF) and the South African Reserve Bank (SARB); BRICS Summit communiqués; reports from the New Development Bank (NDB); and Afrobarometer public opinion surveys capturing African and South African perceptions of BRICS (Sidiropoulos et al., 2018; Tella, 2022).

The selection of sources was guided by three criteria. First, **timeliness**, with emphasis on data produced after 2010, the year South Africa joined BRICS, and particularly on materials published after the 2023 BRICS expansion to ensure contemporary relevance (Prinsloo, 2022). Second, **relevance**, with preference for sources directly related to cultural diplomacy, soft power theory, and South Africa's international positioning (Nye, 2017; Georghiou, 2015). Third, **reliability**, privileging peer-reviewed academic articles, official government reports, and policy documents from reputable international organisations (Yin, 2018).

To illustrate the application of soft power, the study employs three case studies: South Africa's hosting of the 2010 FIFA World Cup as a foundational soft power event (Ogunnubi, 2022); the BRICS Film Festival as an example of cultural diplomacy (Cocks et al., 2017); and NDB financed infrastructure

projects in South Africa as evidence of tangible economic benefits (Mazenda & Masiya, 2021). The methodological framing also considers South Africa's identity as the only post-apartheid state in Africa (Neethling, 2017). This dual identity, combining features of both the Global North and Global South, complicates its role within BRICS. On the one hand, South Africa operates as a gateway to Africa, with an extensive diplomatic network and relatively sophisticated institutions (Hendricks & Majosi, 2021). On the other hand, it remains a mixed economy democracy marked by persistent structural inequalities, domestic instability, and a credibility gap that undermines its international soft power narrative (Umezurike & Ogunnubi, 2016).

The collected data were subjected to thematic analysis, guided by Joseph Nye's theory of soft power and complementary frameworks of cultural and network diplomacy. Triangulating multiple data sources, economic statistics, public opinion surveys, and cultural case studies ensured a more robust and valid assessment of South Africa's strategies and outcomes within BRICS.

## 5. Empirical Evidence of South Africa's BRICS Engagement

Empirical data underscores the material benefits of South Africa's BRICS membership. Trade with BRICS partners has steadily expanded, growing from approximately USD 28.4 billion in 2010 to USD 45 billion in 2021, which now represents nearly 20 per cent of South Africa's total trade portfolio (IMF, 2023). China is South Africa's largest trading partner within BRICS, accounting for more than 10 per cent of both exports and imports (SARB, 2022).

In addition to trade, South Africa has benefited from BRICS-linked development finance. Since its establishment, the New Development Bank has approved twelve projects in South Africa, valued at over ZAR 100 billion (USD 5.2 billion) (NDB, 2023). These projects include renewable energy initiatives, transport infrastructure upgrades, and water management systems, highlighting the tangible developmental dividends of membership (Adélé, 2023).

South Africa's distinctive position as a continental diplomatic hub further enhances its value within BRICS. It possesses the most comprehensive diplomatic network in Africa, allowing it to function as a practical entry point for both Global North and Global South actors seeking engagement with the continent (Diko & Sempijja, 2020). While Ethiopia symbolically projects resilience as the only African nation never colonised, South Africa combines symbolic post-apartheid transformation with institutional capacity, making it a more effective continental interlocutor (Tella, 2022).

Yet this gateway role also presents contradictions. South Africa is celebrated as a post-apartheid democracy committed to reconciliation and Ubuntu, but it is simultaneously criticised as a conduit for external actors to access Africa's resources (Carmody, 2019). Its cultural diplomacy initiatives, such as the BRICS Film Festival (2016, 2019, 2023), have projected a positive image of its creative industries and reconciliatory ethos (Cocks et al., 2017). However, this narrative is persistently undermined by episodes of xenophobic violence, which erode the credibility of South Africa's claim to embody tolerance, inclusivity, and human solidarity (Afrobarometer, 2022; Ogunnubi, 2022).

At the same time, Afrobarometer surveys (2022) reveal mixed public perceptions. While many South Africans view BRICS membership as a positive force for African agency, concerns persist about the uneven distribution of benefits and China's outsized influence within the bloc. These perceptions underscore the fragility of South Africa's soft power credibility. The recent expansion of BRICS to include Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE further amplifies these challenges, as South Africa must now compete with other African and regional actors to retain its distinct voice within the alliance.

## 6. Findings and Discussion

This study's findings reveal a complex and often contradictory picture of South Africa's soft power engagement within BRICS. While the country has strategically leveraged the platform to project influence, its efforts are consistently undermined by a significant credibility gap and structural constraints. The discussion that follows interprets these findings through the theoretical lenses of soft power and network diplomacy.

### 6.1 The Strategic Deployment and Limits of Cultural Diplomacy

The findings confirm that South Africa has effectively utilised cultural diplomacy as a strategic tool. Initiatives like the BRICS Film Festival have successfully showcased the nation's creative industries and diverse cultural heritage, fostering people-to-people connections and positioning South Africa as a key cultural player within the alliance (Cocks et al., 2017). This aligns with Nye's (2004) assertion that culture is a primary resource for soft power, capable of creating attraction and fostering mutual understanding.

However, the discussion must contend with the stark contradiction between this projected image and domestic realities. The recurring episodes of xenophobic violence directly undermine the core tenets of the very *Ubuntu* philosophy that South Africa promotes internationally. As Nye (2017) argues, the effectiveness of soft power is contingent on credibility and consistency. The dissonance between South Africa's narrative of tolerance and its internal social fractures severely erodes its soft power, making its cultural diplomacy superficial to both regional and global audiences (Ogunnubi, 2022). Furthermore, a critical limitation lies in the lack of institutionalisation. Unlike India, which has leveraged Bollywood and its extensive cultural networks, or China through Confucius Institutes, South Africa has yet to institutionalise its cultural diplomacy. The absence of such enduring structures limits the sustainability and reach of its cultural influence, rendering it episodic rather than foundational.

### 6.2 Network Diplomacy: Amplified Voice Amidst Structural Asymmetries

The study finds that South Africa has actively engaged in network diplomacy, using BRICS meetings and working groups to amplify its voice on global issues like climate change and sustainable development (Sidiropoulos et al., 2018). Its extensive diplomatic footprint across Africa provides it with a unique "hub" status, enhancing its value as a continental interlocutor within the network (Hendricks & Majozi, 2021).

**The discussion, however, highlights the inherent power imbalances within this network.** Despite its diplomatic activity, South Africa's influence is constrained by its relatively smaller economic power compared to giants like China and India. This asymmetry illustrates a key challenge of network diplomacy: central nodes with greater economic and political weight disproportionately shape the agenda (Morozov, 2023). South Africa's advocacy for African interests, therefore, often occurs within parameters set by more powerful members, limiting its ability to effect substantive change in core economic and political arenas of the bloc.

### 6.3 The Dual-Edged Sword of the "Gateway" Role

Empirical evidence solidifies South Africa's role as a strategic gateway, evidenced by growing trade and significant NDB financing for infrastructure projects (NDB, 2023; IMF, 2023). This role provides tangible benefits and a platform for influence.

Yet, the discussion must critically interrogate the implications of this role. The “gateway” narrative is double-edged. While it offers economic advantages, it also fosters a perception of South Africa as a conduit for external resource extraction rather than a genuine partner in African-led development (Carmody, 2019). This perception damages its soft power within the continent and complicates its claim to be the authentic voice of African interests. This tension could be mitigated if South Africa more explicitly anchors its gateway role in African Union frameworks such as Agenda 2063 and the AfCFTA, ensuring that its mediation reflects collective continental priorities rather than merely facilitating external access to resources. Such a strategic alignment would transform its role from a passive gateway to an active and accountable steward of African development.

#### 6.4 The Impact of BRICS+ Expansion: Opportunity or Marginalisation?

The recent expansion of BRICS to include Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE presents a pivotal new finding. While this enlarges the bloc’s economic reach, it also fundamentally challenges South Africa’s unique position as the sole African representative.

The discussion centres on the strategic implications of this shift. South Africa’s distinctive value proposition is now diluted. The expansion introduces new African dynamics: Ethiopia brings symbolic weight as Africa’s uncolonized state, while South Africa offers institutional depth as the continent’s diplomatic hub. Unless South Africa leverages this complementarity to build a unified front, it risks redundancy within BRICS+. To avoid marginalisation, it must proactively forge a cohesive African caucus with Egypt and Ethiopia to ensure continental interests are represented collectively. Failure to do so risks having African agendas fragmented and outmanoeuvred by the interests of larger, non-African members within the expanded BRICS+ framework.

#### 6.5 Synthesis: The Soft Power Paradox

In synthesis, the findings point to a central “Soft Power Paradox.” South Africa possesses considerable soft power assets: a powerful post-apartheid narrative, a vibrant culture, and a strategic diplomatic position. It has successfully utilised the BRICS platform to gain a voice and secure material benefits.

However, its ability to convert these assets into consistent and effective influence is hamstrung by two major factors:

1. **The Domestic Credibility Gap:** Internal issues like xenophobia and inequality create a direct contradiction that nullifies the attraction of its values-based foreign policy.
2. **Structural and Network Constraints:** Its smaller economy and the evolving dynamics of an expanded BRICS+ limit its agenda-setting power and threaten to dilute its unique role.

Therefore, the study concludes that while BRICS provides a crucial amplifier for South Africa’s soft power, the country’s ultimate influence within the alliance and the broader global arena will be determined not by the platform itself, but by its ability to resolve its internal contradictions and navigate the increasingly complex network politics of the bloc. To reconcile this paradox, South Africa must close its domestic credibility gap, institutionalise its soft power strategies, and spearhead an African caucus within BRICS+, thereby converting symbolic representation into substantive leadership.

### 7. Recommendations

Based on the critical findings and discussion, the following recommendations are proposed to help South Africa reconcile its soft power paradox and leverage its BRICS membership more effectively.

These are structured to address the key areas of weakness: institutionalisation, strategic alignment, domestic credibility, and leadership within the expanded BRICS+ framework.

### 7.1 Institutionalise a Coherent Soft Power Architecture

South Africa must move beyond ad-hoc cultural initiatives to build a durable soft power infrastructure.

- **Establish “Ubuntu Cultural Institutes”:** Modelled on successful platforms like the Alliance Française or Confucius Institutes, the Department of Arts and Culture, in partnership with DIRCO, should launch dedicated cultural centres in key BRICS+ nations. These institutes would offer language courses (in South African languages), arts exhibitions, film screenings, and academic seminars, permanently embedding South African culture and the philosophy of Ubuntu abroad.
- **Launch a “Creative Africa” Nexus:** Leverage the BRICS Film Festival momentum to create a permanent digital and physical platform—a «Creative Africa Nexus»—showcasing and facilitating trade in creative goods and services from South Africa and the broader continent. This positions South Africa not just as a participant, but as the institutional hub for African cultural exchange within BRICS.

### 7.2 Strategically Align the Gateway Role with African Priorities

To counter the perception of being a mere conduit, South Africa must actively frame its role as a steward of African development.

- **Champion an “AfCFTA-BRICS Partnership Framework”:** South Africa should use its diplomatic weight to formally table and advocate for a partnership framework between BRICS and the African Union that explicitly aligns BRICS investments and projects with the developmental objectives of AfCFTA and AU Agenda 2063. This ensures that economic cooperation benefits regional value chains and industrialisation, not just resource extraction.
- **Publish an Annual “BRICS-Africa Development Impact Report”:** To ensure transparency and accountability, South Africa should lead the production of an annual report, in collaboration with the AU, assessing the developmental impact of BRICS-funded projects on the continent. This would build trust and demonstrate that its gateway role delivers tangible, shared benefits for Africa.

### 7.3 Bridge the Domestic Credibility Gap with Concrete Action

A nation’s soft power is fundamentally rooted in its domestic reality. South Africa must urgently address the contradictions that undermine its international narrative.

- **Implement a National Social Cohesion and Inclusivity Strategy:** This strategy must go beyond rhetoric and include a publicly trackable action plan with clear targets for reducing xenophobic violence, promoting social integration, and tackling economic inequality. The Department of Home Affairs and the Justice Department should be mandated to report annually on their progress, making this a cornerstone of both domestic and foreign policy.
- **Integrate Soft Power into Domestic Policy Formulation:** A «Soft Power Impact Assessment» should be considered for major domestic policies. This would ensure that government departments are aware of how internal decisions—on social policy, human rights, and economic management—directly affect the country’s international reputation and influence.

#### 7.4 Forge a Cohesive African Caucus within BRICS+

The expansion of BRICS makes it imperative for South Africa to lead, not just represent.

- **Initiate a Formal “BRICS Africa Tripartite” (BAT):** South Africa should immediately initiate a structured, formal caucus with Egypt and Ethiopia. This «BRICS Africa Tripartite» would be held before all major BRICS summits to develop unified positions on key agendas, ensuring that African voices are consolidated and cannot be divided or marginalised.
- **Leverage Complementary Strengths:** Within this Tripartite, South Africa should position itself as the institutional anchor, leveraging its diplomatic network and financial expertise. It should actively partner with Ethiopia’s historical symbolism and Egypt’s geopolitical weight to present a multifaceted but united African front, thereby increasing the collective bargaining power of the continent within the bloc.

By adopting these targeted recommendations, South Africa can transition from a symbolic member to a substantive leader within BRICS. The path forward requires closing the domestic credibility gap, building enduring institutional frameworks for its soft power, and strategically leveraging its position to ensure that its BRICS engagement delivers authentic, sustainable benefits for both the nation and the African continent.

## 8. Conclusion

This study has demonstrated that South Africa’s engagement with BRICS represents a strategic, albeit complex, pursuit of soft power and cultural diplomacy in a multipolar world. The analysis confirms that the country possesses a compelling value proposition: its post-apartheid democratic identity, its institutional sophistication as Africa’s diplomatic hub, and its rich cultural heritage rooted in the philosophy of Ubuntu provide a solid foundation for international influence. Empirically, this has translated into tangible benefits, including growing trade flows and significant infrastructure financing through the New Development Bank.

However, the research reveals a critical soft power paradox. South Africa’s considerable assets are consistently undermined by a persistent credibility gap stemming from domestic challenges—most notably xenophobic violence and socio-economic inequality—which contradict its projected values of tolerance and human rights. Furthermore, structural constraints, including its relatively smaller economy and the strategic implications of the BRICS+ expansion, limit its agenda-setting power and threaten to dilute its unique position as the African voice within the bloc. The findings indicate that South Africa has achieved more success in cultural and diplomatic initiatives than in translating its BRICS membership into decisive economic or political influence.

The path forward, echoing Dr Ruel Khoza’s call to “Let Africa Lead,” demands a deliberate and coherent strategy. To convert its symbolic representation into substantive leadership, South Africa must transcend episodic engagements and institutionalise its soft power. This entails closing the domestic credibility gap through concrete action, anchoring its gateway role firmly within AU Agenda 2063 and the AfCFTA, and proactively forging a cohesive African caucus within BRICS+. By doing so, South Africa can recalibrate its engagement from that of a participant to that of an architect—shaping the bloc’s priorities to reflect genuine African development imperatives. In conclusion, while BRICS provides an indispensable platform, the ultimate measure of South Africa’s soft power will not be determined by its membership alone, but by its ability to reconcile its internal contradictions and leverage its strategic position with greater consistency and purpose. By institutionalising its soft power, demonstrating accountable leadership, and championing a collective African agenda, South Africa can fully unlock its potential to advocate effectively for a more equitable and multipolar world order.

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# The Influence of China's Political System on Cybersecurity Governance and Strategy

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## Abstract

This article delves into the intricate relationship between China's autocratic system and its cybersecurity landscape, examining the extent to which the former influences the development of frameworks, strategies, and responses to cyber threats. Drawing upon a comprehensive analysis of China's political structure, cybersecurity policies, and historical context, this study investigates how authoritarian governance shapes the nation's approach to cybersecurity. Methodologically, the article adopts a qualitative approach, drawing on a systematic review of scholarly literature, official publications, and case studies of major cyber incidents to identify recurring patterns and insights. By exploring key factors such as government control, censorship mechanisms, and prioritisation of state interests, it sheds light on the unique challenges and opportunities presented by China's autocratic system in safeguarding its digital infrastructure. Additionally, this research assesses the implications of these dynamics on international cybersecurity norms and global cyber governance. Through a nuanced exploration of these interconnections, this article offers valuable insights into the complex interplay between political systems and cybersecurity strategies in an increasingly digitised world.

**Keywords:** cybersecurity, China, political system, authoritarian governance, cybersecurity governance, cybersecurity strategy.

## Introduction

China offers a different socio-political structure that is more influential on the dynamics of cyberspace. The case of China illustrates the importance of socio-cultural factors, the authoritarian, single ruling party structure and their impacts on cybersecurity strategy. The People's Republic of China (PRC) was founded in 1949. It is a socialist State that is governed by the democratic dictatorship of its citizens. Specifically, it is an autocratic or even totalitarian governed State (Wang, 2023). At the end of a 22-year civil war, the Chinese Communist Party (CCP) won the right to the Chinese mainland territory, forcing the Nationalist Party (Kuomintang or KMT) to go into exile to the island of Formosa, which is modern-day Taiwan (Loo, 2021). Both states grew into authoritarian regimes through the second half of the 20th century: The Republic of China in Taiwan favoured a right-wing, capitalist dictatorship backed by the U.S., whereas the People's Republic of China, on the mainland, birthed a Marxist-Leninist communist regime based upon the ideology of its founding father, Mao Zedong (Vochelet, 2021).

China's political system is commonly described as authoritarian, but a more precise understanding situates it within the framework of a Marxist-Leninist single-party state under the Chinese Communist Party (CCP) (Tang, 2016). Unlike liberal democracies, power is highly centralised; the CCP controls the state, military, judiciary, and media, leaving minimal space for political pluralism or opposition

(Cabestan, 2017). Decision-making is top-down, with key policy directions and governance strategies emanating from the Party's leadership bodies, particularly the Politburo Standing Committee (Li & Zhou, 2019). In practice, this structure exhibits characteristics often associated with dictatorships, limited electoral competition, suppression of dissent, and strict control over civil society and the press (Tang, 2016). Zeng (2014) argues that labelling China solely as a dictatorship oversimplifies the system. The CCP combines ideological governance with technocratic management, blending Marxist-Leninist principles of party leadership with pragmatic policy implementation aimed at economic development, social stability, and international influence (Zeng, 2014).

China's political structure directly shapes its approach to cybersecurity and digital governance. Thus, centralised control allows the CCP to implement comprehensive cybersecurity laws, surveillance programs, and data governance frameworks with relative speed and uniformity (Nantieh, 2020). The intertwining of party authority with state institutions ensures that cybersecurity is not merely a technical or defensive concern but a political instrument for maintaining social control, safeguarding state interests, and asserting sovereignty in cyberspace (Wang, 2020). Though popular uprisings struck both countries in the 1980s, their outcomes were different. While the rebellion in Taiwan led the country into the "third wave" of democratisation, the Tiananmen Square uprisings in Mainland China led to a regime reconfiguration (Vochelet, 2021).

### **A Qualitative Research Approach**

This study adopts a qualitative research approach, combining a systematic review of scholarly literature, official government publications, policy briefs, and credible media reports with case-study analysis of significant cyber incidents. Sources were selected based on relevance, credibility, and recency, focusing on developments in China's cybersecurity policies, domestic cybercrime, and transnational cyber threats from the early 2000s to 2023. The inclusion criteria encompassed sources that provided detailed information on China's cybersecurity laws, strategic policies, cyber incidents, and governance practices. Speculative sources, lacked verifiable evidence, or were outside the year 2000–2024 timeframe were excluded.

Data were analysed thematically, identifying recurring patterns, trends, and insights regarding China's cybersecurity governance, state-driven cyber operations, and the broader geopolitical implications of its strategies. Cross-referencing multiple sources enhanced reliability, while integrating academic perspectives ensured a comprehensive and balanced understanding. This methodology provides a structured lens to examine China's cybersecurity framework while situating it within the global digital governance landscape and ongoing debates on cyber power and state control.

### **Development of Cyberspace and Cybersecurity in China**

Over the past three decades, the CCP has developed one of the world's most sophisticated digital governance systems, the Social Credit System (SCS), which has contributed to making China one of the most controlling authoritarian regimes globally (Hou & Fu, 2024). The SCS centralises vast amounts of data on Chinese citizens, including financial behaviour, social interactions, and online activity, allowing the state to monitor, assess, and influence individual and organisational behaviour (Liang, Das, Kostyuk & Hussain, 2018). While this system has attracted significant criticism from Western democracies and international human rights organisations for its implications on privacy, freedom of expression, and civil liberties, its most striking feature may be the widespread compliance among the Chinese population.

Compliance with the SCS is not merely passive; it reflects a complex interplay of social, political, and psychological factors that reinforce authoritarian resilience (Gilley, 2003). Citizens internalise

the norms promoted by the system, adapting behaviours to align with state expectations and avoiding penalties that could limit access to services, travel, or employment opportunities (Hou & Fu, 2024; Kostka & Antoine, 2020). This dynamic creates a feedback loop in which state surveillance and social incentives mutually reinforce obedience, thereby stabilising the regime and reducing overt opposition.

Moreover, the SCS exemplifies how technology and authoritarian governance intersect: it is not just a tool for monitoring or punishment but a mechanism for shaping societal behaviour in alignment with state-defined goals (Liang & Chen, 2022). It highlights the CCP's ability to integrate ideological control with advanced technological infrastructure, demonstrating that contemporary authoritarian resilience relies as much on data-driven governance and social engineering as on traditional coercive instruments (Baldin, 2022). Understanding the SCS is therefore critical for analysing China's approach to cybersecurity, digital governance, and the broader exercise of power in a highly centralised, Marxist-Leninist system.

Generally, authoritarian resilience can refer to a state's ability to maintain illiberal top-down structures that subjugate its controlled population, further legitimising and reinforcing this hierarchy (Vochelet, 2021). The CCP is the sole governmental party, and it claims leadership on everything in China, meaning it controls state administration, the private sector and civil society (Grünberg & Drinhausen, 2019). In the aftermath, its human rights record has been suspect. According to The Economist Intelligence Unit's Democracy Index (2020: 3), "China experienced a fall of 23 places, landing at 153<sup>rd</sup> out of 167 countries on the global rating". However, this figure only partially reflects the entrenched authoritarian reality of the Chinese state. Beyond a numerical downgrade, China's low ranking embodies systematic violations of fundamental human rights, including pervasive mass surveillance, extensive censorship, and the arbitrary detention of dissenting voices (Pei, 2024). These practices demonstrate that China's cybersecurity strategy is not a neutral or purely defensive measure, but an extension of state power designed to maintain political control (Hulvey, 2022). In this sense, the global democracy ranking is less a technical measurement than a signal of the deeper erosion of democratic freedoms, situating China's cybersecurity framework in direct conflict with international human rights norms.

For instance, leveraging cyberspace and Artificial Intelligence (AI), the Mainland Chinese State at the turn of this century (in 2014 specifically) deployed the Chinese Social Credit System (SCS) (社会信用体系) as a means of social control of the entire citizenry. The SCS has been described as one of the most sophisticated software systems that has made the People's Republic one of the most controlling existing authoritarian regimes (Vochelet, 2021: 2; Orgad & Reijers, 2020). It is a form of 'cybernetic citizenship', that is, a "mere nodes of sociotechnical networks under corporate or government control" (Orgad & Reijers, 2020). This is software programmes, hinged on the socio-cultural factors and "Asian values", which centralises the majority of Chinese citizens' data to enhance surveillance and deepen the authoritarian grip of the ruling party (Vochelet, 2021: 2).

The SCS, still being developed by the biggest technological companies in China, "aims at centralising big data on all Chinese citizens in one application, offering a detailed profile on many individuals' characteristics, ranging from household information or health profile to credit balance" (Ibid). Through the centralised surveillance system, the State can measure behaviour, social and commercial transactions of individuals through the "social credit score". Those able to pool high scores (1050) are rewarded and showcased as models for others. Others below the benchmark (minus 849) are restricted from basic social benefits – like air travel, train tickets, fast internet access and so on. Citizens who are rated below average (549) are blacklisted "and publicly shamed as bad citizens" (Vochelet, 2021).

## Cyberspace and cyber threats in China

The SCS model suggests a centralised State with a firm grip on all citizens, including dissidents and cybercriminals alike. But that position is significantly far from reality. Note that China has the largest internet user demographic and one of the largest internet markets worldwide. The scale and impact of cybercrime in China have grown significantly in recent years. In 2022, the country recorded over 342,800 cyberattacks, affecting sectors ranging from government and military to healthcare, with weekly incidents ranging between 1,300 and 2,400. The economic cost of cyberattacks in China was estimated at USD 1.24 trillion in 2023, and projections indicate it could reach USD 1.79 trillion by 2024 (sci-tech-today.com). In terms of law enforcement, computer crimes increased by 36.2% in 2023, involving roughly 323,000 individuals, while telecom fraud indictments rose nearly 67% to 51,000, and overall arrests related to cybercrime surged 47% to 726,000 (AP News, 2023). These challenges are compounded by China's vast internet user base, which reached 1.123 billion (79.7% of the population) as of June 2025, with 99.7% accessing the internet via mobile devices (CIW News, CNNIC, 2025). These figures highlight both the growing prevalence of cybercrime and the immense scale of China's digital ecosystem, highlighting the complexity of regulating and securing cyberspace in the world's largest internet market.

Interestingly, "apart from extended access to broadband internet connections, mobile internet took up a large share in internet user growth. The share of users accessing the internet via mobile devices had significantly exceeded that of those via desktop in the country. About 99.6 % of Chinese internet users accessed the web via mobile phone" (Thomala, 2023). For comparison, the global average internet penetration rate had resided at about 64.4 per cent as of January 2023. The internet penetration in China had also been above the average rate in the Asia-Pacific countries. However, neighbouring countries such as Japan and South Korea had displayed substantially higher internet penetration rates than China. It is worth noting that the internet usage in the country has faced a large regional disparity. Some of the remote western regions had shown penetration rates of below 45%.

To put things in context, cybercrime in China has two broad perspectives: there are cybercrimes committed in China and other international cybercrimes originating from China, which has been a major diplomatic row discouraging foreign Internet firms from operating in the country (Kshetri, 2013<sup>b</sup>). The country's security and cyberwarfare possibility is assessed to be not as formidable as they would have the world believe. In 2015, there were found to be 126,196 cybersecurity incidents, with 126,424 cases coming from within China. (Qi et al, 2018). Thus, cybercrime in China is framed in the Criminal Law and defined with the following offences: illegally accessing computer systems; illegally accessing or controlling data held on computer systems; providing programmes and tools to access or illegally control computer systems; destroying computer systems; committing financial crimes using a computer (Erqi, 2023). The Chinese law enforcement authorities collaborate and have formed networks with more than 70 countries, as well as Interpol (Calcara, 2020).

According to official disclosure, the scale of the cybersecurity industry in China exceeded 200 billion yuan (\$29.23 billion) in 2021 and grew at an annual average of 15% from 2016 to 2020 (van Wyk, 2022). A special report on judicial big data shows that the number of cases involving information network crimes has increased year by year, with fraud accounting for the highest proportion (Ibid). The report noted that the number of cybercrime cases has increased since 2017, and over 40% of the cases involved online fraud. From 2017 to 2021, China's courts handled more than 282,000 cybercrime cases involving a total of 282 different crimes, of which fraud accounted for the highest proportion (36.53%). Online fraud cases mostly focused on fake loans, impersonation, and false recruitment. Over the same period, more than 660,000 defendants were involved in cybercrime cases across the country, with an average of about 2.4 defendants per case. Most of the defendants

were aged between 18 and 40, and the proportion aged between 18 and 28 has increased since 2019, while the proportion of those aged above 29 has decreased (van Wyk, 2022).

According to the special report on judicial big data, there were 72,000 cases involving 143,700 defendants (90% of whom were born after 1980) related to the crime of assisting online criminal activity, such as by providing technical support, including internet access, server hosting, network storage, or by providing advertising, payment, and settlement. This criminal activity took off from 2020 with a year-on-year increase of 34 times and increased by a further 17 times in 2021 (van Wyk, 2022). The report indicates that the number of cybercrime cases filed by the ministry decreased year-on-year for nine consecutive months from June 2021, and 42,000 bank card gangs, as well as 440,000 criminal suspects, have been investigated. The official also revealed that many of the ministry's cybercrime investigations have focused on Chinese nationals operating from neighbouring countries. The ministry has dispatched working groups to countries such as Cambodia, the United Arab Emirates, and Myanmar to carry out cross-border cybercrime investigations and has repatriated around 36,000 suspects from abroad (van Wyk, 2022).

### Cybercrimes from China to the world

China has more often than not been on the offensive in its cyber operations. In fact, China was suspected to be the country which had been spying the most in the world (Attenberger, 2022: 53). Experts estimated that between 2005 and 2010, the Chinese were responsible for 60% of all industrial spy activities (Scheidges & Schürmann, 2010). Also, China is criticised for having outsourced its cyber activities to non-state actors, like cybercriminals, who act outside the law or capitalise their activities (Attenberger, 2022). Though the Chinese government commonly blames foreign hackers for cyber-attacks targeting the country, data proxies and indicators from a number of sources across a long time period indicate that substantial cyber-attacks originate in China (Kshetri, 2013<sup>b</sup>). There are a handful of examples to glean from, even in the most recent times.

The February 2023 high-altitude balloon incident illustrates how China's technological and surveillance capabilities extend beyond cyberspace into physical and cross-border intelligence operations (Glebsy & Lackenbauer, 2024; Borger, 2023). While presented as a civilian weather balloon, the device carried equipment consistent with intelligence collection, highlighting the dual-use nature of such technologies. This case reflects a broader pattern in which China integrates advanced technology into mechanisms of state control and information gathering, a strategy that complements its domestic cybersecurity infrastructure. Important to note is that in linking physical surveillance platforms with digital intelligence networks, China's approach exemplifies how state-led cyber and technological strategies are embedded within a framework of political oversight, social control, and strategic influence, both domestically and internationally.

As that was unfolding, the annual global threat report alleged China-linked cyberespionage groups targeting 39 industries on nearly every continent (CrowdStrike, 2023). About a quarter of the hacking was aimed at North America, while most of it targeted China's Asian neighbours, the report found. The techniques China used have become increasingly sophisticated as cybersecurity has improved, the report found. "U.S. officials say China, like the U.S., hacks into the networks of its adversaries to gather intelligence. But they say China also hacks private corporations to steal intellectual property, which the U.S. says it does not do. China consistently denies that, while a top American intelligence official once called Chinese hacking of Western companies "the greatest transfer of wealth in history" (Dilanian, 2023).

Earlier, in 2005 and 2009, China was ranked second behind the U.S. as, of the top countries for originating cyber-attacks (Kshetri, 2013<sup>b</sup>). According to the Anti-Phishing Working Group (APWG),

70% the world's maliciously registered domain names were established by the Chinese to attack domestic businesses (Ibid). In 2011H1, Chinese perpetrators established 11,192 unique domain names and 3,629 .cc subdomains for such attacks, the majority of which attacked Chinese companies, and 8% targeted Taobao.com. Likewise, according to APWG, China had the world's highest malware infection rate of 54.1% in 2012Q1.

There are other instances of insider cybercrimes in the West that have been blamed on China. In 2004, there was the 'Titan Rain' during which hackers entered military and research institutes in the U.S. and Great Britain. About 79,000 attacks were launched, out of which 1,300 were successful. The hacker group is suspected of coming from China because three routers established in the province of Guangdong were identified (Attenberg, 2022: 51). In 2005, a Chinese intern working in Valeo was detained in France for alleged database intrusion aimed at IP theft (Kshetri, 2013<sup>b</sup>). Between 2007 and 2008, there was the ShadyRat attack during which the United Nations, the United States, U.S. corporations, among others, were targets. The anti-virus vendor, McAfee, attributed the attack to China or Russia. The spy network is estimated to have retrieved data of 70 international organisations and corporations in that year (Attenberg, 2022: 52).

Between 2007 and 2009, cyberattacks such as GhostNet and Shadows targeted sensitive information from Tibetan exiles in India, the Dalai Lama, and Indian research and governmental institutions, resulting in the theft of confidential documents (Farwell & Rohozinski, 2011). Given the political context and longstanding tensions between China and the affected parties, these attacks have often been attributed to Chinese actors (Attenberg, 2022, p. 52). In 2009, Operation Aurora marked a significant cyber espionage campaign against major U.S. corporations, including Google and Yahoo, which provoked a diplomatic dispute between the United States and China. In the same year, the Lockheed Martin Corporation suffered data exfiltration that compromised sensitive information related to its military aircraft program (F-35), which has also been linked to Chinese cyber actors (Attenberg, 2022).

Similarly, a 2011 report entitled "Foreign Spies Stealing U.S. Economic Secrets in Cyberspace" suggested that some Chinese companies used ethnic Chinese "insiders" to steal information from Western companies (Kshetri, 2013<sup>b</sup>). In 2011, a Chinese-born scientist was convicted of stealing trade secrets from Cargill and engaging in economic espionage at Dow AgroSciences. Cargill estimated that the information stolen by the scientist was worth US\$12 million in R&D (Kshetri, 2013<sup>b</sup>). Similarly, a Motorola employee arrested by U.S. Customs in Chicago allegedly possessed a one-way ticket to China and proprietary information that was worth \$600 million in about 1,000 electronic documents (Kshetri, 2013<sup>b</sup>). To take another example, an employee at Valspar Corporation, who was arrested in 2009, allegedly downloaded 160 formulas for paints and coatings, which were estimated to cost the company about \$20 million in R&D or about one-eighth of the company's annual profits. Similarly, another chemist at DuPont downloaded data on organic light-emitting diodes, which he allegedly intended to transfer to Beijing University. It was also reported that China-based hackers attacked DuPont's computer networks two or more times in 2009 and 2010. In the same vein, a product manager at Ford Motor Company allegedly made unauthorised digital copies of about 4,000 documents, which would help him to get a job with a Chinese automobile company (Kshetri, 2013<sup>b</sup>).

### **Cybersecurity policy framework and strategy in China**

The Chinese government has been hands-on in creating a large body of cybersecurity legislation to deal with digital crime, though more in an unconventional manner. In 2013, China addressed cybersecurity for the first time holistically (Jinghua, 2019). Three main legislations have since followed suit (van Wyk, 2022): Firstly Cyber Security Law that became active on June 1, 2017. The Law defined the concept of cyberspace sovereignty, and included specific provisions for network

operators, and for data localisation related to foreign companies operating in China. Secondly, the Data Security Law (DSL), effective from September 1, 2021. The Law classified data in terms of its relevance to national security, with implications on how data can be stored and transferred. Thirdly, the Personal Information Protection Law, effective from November 1, 2021. This includes provisions to regulate and promote the protection of personal information. A draft of the Personal Information Protection Law was published on the 21st of October 2020 and seems to be inspired by the European General Data Protection Regulation (GDPR). This draft defines personal information as “all kinds of information” related to identifiable natural persons and excludes information which has undergone anonymisation. It protects the personal information of natural persons handled by organisations and individuals in mainland China, as well as organisations and individuals outside of mainland China that are handling the personal information of natural persons who are physically located in mainland China. It also applies to products or services intended for natural persons in mainland China (Qi, 2021). (4) A fourth piece of legislation is focused on internet telecommunications fraud, and it is currently being reviewed for a third time, and it is expected to be promulgated soon (van Wyk, 2022).

### The Cyber Security Law

In 2016, China enacted the Cybersecurity Law of the People’s Republic of China to strengthen its cybersecurity framework (Aitel et al., 2022; Xu & Lu, 2021). President Xi Jinping repeatedly emphasised the importance of enhancing cybersecurity legislation as part of the broader national strategy. The law itself states that it seeks “to ensure cybersecurity, to safeguard cyberspace sovereignty, national security, and social and public interests, to protect the lawful rights and interests of citizens, legal persons, and other organisations, and to promote the healthy development of the informatization of the economy and society” (National People’s Congress [NPC], 2016, art. 1). Similar to China’s National Security Law, the Cybersecurity Law prioritises cyberspace dominion, highlighting the protection of network operations, critical information infrastructure, and online information as central to national security and state control.

The Chinese government plays an active role in international cyber cooperation to maintain cyberspace dominion whilst stimulating the development of the internet economy. A total of 46 international organisations from the USA, Asia, Europe, and Oceanic regions signed a letter to oppose the enactment of the Cybersecurity Law whilst it was in its draft stages, since they were concerned that the law would raise trade barriers. The law does not conform to international trade regulations; however, despite the apprehension by international organisations, and upon consultation with experts, China enacted the law stating that the law will be supplemented with regulations and standards in time, after there was an appeal to suspend the law by the international groups (Qi et al, 2018).

Indeed, the Cybersecurity Law does not solve any specific cybersecurity issues; rather, it provides a general configuration for dealing with cybersecurity concerns, and a means to build China’s cybersecurity legal system. This means that supplementary rules and regulations are required to prevent ambiguity and provide more complete legal rules. Cyberspace sovereignty, being such a central principle of both the National Security Law and the Cybersecurity Law, encompasses four rights. These rights are:

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- (a) The right of jurisdiction, which refers to the nation’s right to manage the networks within its territory. All cyber activities that occur within mainland China, despite the nationalities of those carrying out the activities, are subject to the law.
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(b) The right of self-defence, which refers to the right of a state in dominion defending itself from threats and cyber-attacks from outside the state.

(c) The right of independence, which essentially means that countries should not interfere in another country's internal affairs and respect sovereignty;

(d) The right of equality refers to all countries having equal impact on the rules and international order of cyberspace, ensuring that no country harms another country's network whilst managing their own (Qi et al, 2018).

However, the cybersecurity laws and policies are not in isolation from the larger economic development and national security plans of the modern Chinese State (see Table 1 below). The autocratic *cum* top-down government has an eye on becoming the global hub for science and technology hub of the 21st century (The State Council of the People's Republic of China, 2006). In "China's Military Strategy", published in 2015, China articulates that its strategic goal is to complete the building of a moderately prosperous society in all respects by 2021 (The State Council Information Office of the People's Republic of China, 2015). Notably, China had defined Information Warfare (IW) as the eyes and ears of the services' military operation systems (Wu, 2006). The concept encompasses electronic warfare, network warfare, Command and Control, Communications, Computing, Intelligence, Surveillance and Reconnaissance (C4ISR) and related matters (Wu, 2006), which in modern-day China would be considered cyber warfare (Jinghua, 2019).

**Table 1:** Cybersecurity strategy-related documents in China and their approaches

Year	Name of Document	Published by	Approach
2004	China's National Defence	The State Council	Active Defensive
2011	China's National Defence in 2010	Information Office of the State Council	Active Defensive
2013	The Science of Military Strategy	Academy of Military Science	Active Defensive
2015	China's Military Strategy	Information Office of the State Council	Active Defensive
2016	Full text of National Strategy for Security in Cyberspace	Cyberspace Administration	Active Defensive
2019	China's National Defence in the New Era	The State Council Information Office	Active Defensive

Source: Attenberg, 2022: 49-50.

It is fundamental to note that there is a restriction in access to information in China because it is controlled by the government (Wu, 2006; & Attenberg, 2022). However, the State has invested heavily in information warfare resources to further develop the field, engineering innovative weapon systems (Wu, 2006). A White Paper launched in 2004, called "China's National Defence", elaborates that "Informationalisation has become the key factor in enhancing the warfighting capability of the armed forces" (The State Council of the People's Republic of China, 2004). A principal feature on the battlefield would be the confrontation of ICTs (The State Council of the People's Republic of China, 2004). The updated document in 2011 communicated that China plans to build up its Army (The People's Liberation Army, PLA) to win informationised wars (The People's Republic of China, 2011). In order to adapt to the international and national security environment, China communicates in both strategies, its adherence to an overall active defensive military strategy (Attenberg, 2022).

Most of the related information scholars have about Chinese cybersecurity and national defence framework has been sourced through the West (Attenberg, 2022). In 2013, China addressed cybersecurity for the first time holistically (Jinghua, 2019). The Chinese Academy of Military Science (2013) composed a strategy called “The Science of Military Strategy”, published by the Federation of American Scientists. China itself published only in 2015 a similar holistic strategy, called “China’s Military Strategy” (The State Council Information Office of the People’s Republic of China, 2015). China announces that they would not attack, but counterattack in case of an attack, referring to their active defence position (Attenberg, 2022: 46), “being one of the major victims in hacker attacks” (The State Council Information Office of the People’s Republic of China, 2015:29). The “cyberspace has become a new pillar of economic and social development, and a new domain of national security” (The State Council Information Office of the People’s Republic of China, 2015).

At the end of 2016, China announced it to publish a cybersecurity strategy (The State Council of the People’s Republic of China, 2016), and it left no one in doubt of its intention. The strategy communicates a variety of strategic objectives, among them to “defend vigorously, respond effectively, promote peace, security, cooperation and order in cyberspace” (Creemers, 2016 & Attenberg, 2022: 47). “Wordings, such as “defend vigorously” and “respond effectively”, point out that China is willing to hack back in case it gets attacked. It is an active defensive approach” (Attenberg, 2022: 47).

### **China’s Cybersecurity Strategy: Ambitions, Threats, and Vulnerabilities**

China has made its ambitions as a global cyber power unmistakably clear, aiming to establish itself as a cyber-hegemon. Persistent cyber threats within its borders, however, suggest ongoing vulnerabilities in its cyber defences, challenging the perception of an infallible system often portrayed in Western analyses. Allegations of state-linked cyber operations indicate that China pursues an active defensive posture, yet domestic and transnational cybercrime remains difficult to fully control.

China’s Great Firewall, while effective at regulating domestic internet access, primarily challenges individual users attempting to bypass restrictions and is less effective as a deterrent against sophisticated cybercriminals. The management of cross-border cybercrime presents additional challenges, including the vastness of cyberspace, widespread use of VPNs, proxy services, and encryption technologies, and the complexities of coordinating with multiple jurisdictions with differing laws, languages, and procedural protocols. The increasing professionalism of cybercriminal networks, operating as coordinated “dark industry chains,” further complicates law enforcement efforts (UNODC, 2022).

Transnational cyberattacks illustrate the practical limitations of China’s cybersecurity governance. For example, in 2017, the WannaCry ransomware worm exploited Microsoft Windows vulnerabilities to infect hundreds of Chinese government agencies, universities, and businesses. More recently, during the COVID-19 pandemic, a range of malware attacks targeted Chinese institutions. Vietnamese hackers distributed Metaljack malware to Wuhan shortly after China alerted the World Health Organisation in January 2020, while Emotet malware was reportedly delivered under the guise of safety emails from a “Singaporean specialist.” Subsequent attacks included Denial of Service operations on epidemic prevention units, phishing attacks targeting medical groups in India, and the global circulation of malware such as CXK-NMSL ransomware, AZORult, Dharma/Crysis, and MBR Wiper, often disguised as COVID-19-related communications (Lallie et al., 2020). Other attacks exploited applications and promotional offers to steal payment and login credentials, demonstrating the adaptability and creativity of cybercriminals in exploiting global crises.

Despite its active legal and regulatory measures, including the Cybersecurity Law and subsequent data protection frameworks, China continues to face structural challenges in controlling cybercrime. The United Nations Office on Drugs and Crime (UNODC, 2022) has highlighted three key limitations: (1) difficulty attributing and identifying perpetrators due to encryption, proxies, and VPN usage; (2) obstacles in international cooperation required for transnational evidence collection; and (3) increasing organization and sophistication of cybercrime networks, which operate collaboratively from planning through execution and revenue distribution. The UNODC recommends that China strengthen cross-border collaboration rather than rely solely on active defensive measures, which may inadvertently exacerbate collective threats.

Overall, while China demonstrates significant ambition and capability in cyber governance, the persistence of both domestic and transnational cyber threats highlights the complexity of balancing state control, cybersecurity defence, and international norms. The evidence underscores that China's cybersecurity strategy is not solely a technical endeavour but also an instrument of political oversight and social regulation, operating within the broader context of authoritarian governance and the challenges of global cyber interdependence.

### Conclusion and Policy Implications

This study has examined China's cybersecurity framework, highlighting the intricate ways in which authoritarian governance shapes both domestic and international cyber strategies. China's approach reflects a dual objective: defending cyberspace against external threats while consolidating internal political control. While these strategies demonstrate significant technical and organisational capacity, persistent cyber vulnerabilities and transnational cyber threats highlight the limits of state-driven cybersecurity efforts.

The findings have several implications for policymakers, international organisations, and civil society.

- For China, enhancing transparency, aligning cybersecurity practices with international norms, and strengthening cross-border cooperation could reduce global tensions and improve the effectiveness of cybercrime prevention.
- For the international community, governments and multilateral organisations should develop frameworks to engage with China on cybersecurity standards, data governance, and threat mitigation, while safeguarding open internet principles and human rights.
- Civil society actors should monitor the deployment of surveillance technologies and advocate for digital rights, particularly in contexts where state-driven cyber governance is being exported.

The Global South, and African states in particular, face both opportunities and risks in adopting Chinese digital technologies through initiatives such as the Belt and Road Digital Silk Road (Eguegu, 2022). While these partnerships may enhance infrastructure and digital capacity, they also carry the potential for exporting digital authoritarianism, undermining democratic governance, and creating dependencies on surveillance-centric technologies. Policymakers in these countries should carefully assess these risks, invest in cybersecurity capacity-building, and implement safeguards to protect citizens' privacy and digital rights.

Finally, China's model is shaping international norms around data sovereignty, cross-border cybercrime, and internet governance. As the global debate over the rules of cyberspace continues, the Chinese approach offers both a case study and a challenge to open, multilateral internet governance. Its growing influence necessitates critical engagement from global actors to ensure that emerging cyber norms balance security, economic development, and the protection of fundamental

rights. In sum, understanding China's cybersecurity strategies is essential not only for assessing its domestic governance but also for anticipating their implications for the international cyber order and digital governance in the Global South.

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# BRICS and Beyond: Türkiye's Strategic Drift from the West and Its Impact on Global Geopolitics

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## Abstract

This paper examines Türkiye's strategic pivot toward BRICS membership and its implications for global geopolitics, analyzing the factors driving Türkiye's eastward drift and its impact on existing alliances and global governance structures. The research employs a qualitative multi-method approach, combining comparative historical analysis, document analysis, and a systematic literature review, utilizing a theoretical framework integrating neoclassical realism, complex interdependence, and constructivism to provide comprehensive analysis. Neoclassical realism proves particularly relevant in explaining how President Erdoğan's domestic consolidation of power—evidenced by constitutional changes expanding presidential authority and centralization of foreign policy decision-making—has enabled Türkiye's pursuit of strategic autonomy, validating Rose's (1998) emphasis on how domestic political structures mediate systemic pressures. Complex interdependence is validated through Türkiye's multifaceted economic relationships, where it simultaneously maintains a customs union with the EU while increasing trade with BRICS nations (BRICS imports rising from 15% to 23.5% between 2010-2022), demonstrating Keohane and Nye's (1977) core premise that states manage multiple channels of interaction across different issue areas without hierarchical prioritization. Constructivism's relevance is confirmed by observable identity shifts in Turkish foreign policy discourse, particularly the AKP government's explicit invocation of Ottoman heritage in foreign policy speeches, the reframing of Türkiye as a "central country" rather than a "bridge," and polling data showing increased public affinity with non-Western powers (from 28% to 41% between 2015-2023), illustrating how ideational factors reshape state interests as theorized by Wendt (1999). The study reveals that Türkiye's BRICS bid represents a sophisticated attempt to maximize strategic autonomy in an increasingly multipolar world order, illuminating tensions between Türkiye's NATO commitments and potential BRICS membership while identifying economic opportunities and challenges. The analysis demonstrates how middle powers like Türkiye can influence global power transitions and reshape alliance structures, advancing understanding of middle power behavior during global power transitions and challenging assumptions about Cold War-era alliances' durability. This research provides novel insights into the interplay between identity, strategic autonomy, and foreign policy formation in the context of emerging alternative governance structures, contributing to broader theoretical debates about alliance reconfiguration, BRICS expansion, global governance, middle power strategy, multipolarity, and strategic autonomy in Turkish foreign policy.

**Keywords:** Alliance reconfiguration, BRICS expansion, Global governance, Middle power strategy, Multipolarity, Strategic autonomy, Turkish foreign policy.

## Introduction

The potential membership of Türkiye in BRICS marks a watershed moment in global geopolitics, signaling a fundamental shift in the international order and challenging traditional alliance structures. As Kaczmarek and Nizikowski (2020) compellingly argue, Türkiye's strategic drift towards non-Western powers represents a transformation in its foreign policy orientation, with profound implications for NATO and EU relations. This analysis employs multiple theoretical lenses to examine the complex dynamics of Türkiye's BRICS bid, exploring its drivers, implications, and the broader context of evolving global governance structures.

The significance of this research lies in its timely examination of a pivotal moment in international relations, as middle powers like Türkiye navigate an increasingly multipolar world. By analyzing Türkiye's strategic reorientation through multiple theoretical perspectives, this study contributes to understanding of the evolving nature of alliance formation in the 21st century, the role of identity and domestic politics in foreign policy decision-making, and the challenges and opportunities presented by emerging alternative governance structures.

Türkiye's potential accession to BRICS is not merely a matter of economic cooperation; it represents a seismic shift in the geopolitical landscape. This move challenges long-standing assumptions about Türkiye's Western orientation and raises critical questions about the future of global governance. As the international system grapples with the rise of new power centers, Türkiye's strategic pivot offers a unique case study in how middle powers can leverage changing dynamics to enhance their global influence and strategic autonomy. Moreover, Türkiye's BRICS bid occurs against the backdrop of broader global trends, including the relative decline of Western hegemony, the rise of China and other emerging powers (Gupta & Dasgupta, 2018), and the increasing fragmentation of the international order. In this context, Türkiye's actions can be seen as both a response to and a catalyst for these broader shifts, making it a crucial subject of study for scholars and policymakers alike.

This research aims to provide nuanced understanding of the complex interplay between domestic politics, regional dynamics, and global power shifts that have led Türkiye to this pivotal juncture. By doing so, it seeks to contribute to broader theoretical debates about the nature of power in the 21st century, the role of identity in foreign policy formation, and the future of global governance in an increasingly multipolar world (Wang & Zhao, 2020).

## An Integrated Approach to Understanding Türkiye's Strategic Reorientation

This paper employs three complementary theoretical frameworks—neoclassical realism, complex interdependence, and constructivism—to provide comprehensive analysis of Türkiye's strategic shift toward BRICS. While these theories originate from different traditions within international relations scholarship, they address distinct but interconnected dimensions of Türkiye's foreign policy behavior. Rather than presenting contradictory explanations, each framework illuminates a specific causal mechanism at work in Türkiye's strategic reorientation. This integrated approach acknowledges that foreign policy decisions result from multiple, simultaneous processes operating at various levels of analysis: the domestic political level (neoclassical realism), the transnational economic level (complex interdependence), and the ideational level (constructivism).

### Neoclassical Realism: Domestic Political Structures and Foreign Policy Autonomy

Neoclassical realism, as developed by Rose (1998) and refined by Schweller (2004), provides the foundational framework for understanding how Türkiye's domestic political transformation has enabled its pursuit of strategic autonomy. This theoretical approach posits that while systemic

pressures constrain state behavior, domestic political structures and leadership perceptions mediate how states respond to these pressures. Zakaria (1998) emphasizes that state power and domestic structures significantly shape foreign policy outcomes, a relationship clear in Türkiye's case.

The relevance of neoclassical realism to Türkiye's BRICS bid is empirically validated through several observable phenomena. First, President Erdoğan's consolidation of executive power fundamentally altered Türkiye's foreign policy-making apparatus. The 2017 constitutional referendum transformed Türkiye from a parliamentary to a presidential system, concentrating foreign policy authority in the presidency and eliminating the previous system of checks and balances. This institutional change directly enabled more assertive and independent foreign policy decisions, including the BRICS bid, which might have faced greater domestic opposition under the previous parliamentary system.

Second, the theory's emphasis on elite perception is validated by Erdoğan's public statements regarding Turkey's geopolitical position. In his 2019 speech at the Turkish Grand National Assembly, Erdoğan explicitly rejected Türkiye's historical role as a "Western outpost" and articulated a vision of Türkiye as an independent power center. This rhetorical shift reflects changed perception of systemic constraints and opportunities, precisely the kind of intervening variable that neoclassical realism identifies as crucial in foreign policy formation.

Third, neoclassical realism helps explain the timing of Türkiye's eastward pivot. Watanabe (2019) demonstrates that Türkiye's quest for strategic autonomy intensified after the failed 2016 coup attempt, which Erdoğan interpreted as Western complicity or indifference. This perception—whether accurate or not—fundamentally altered Turkish leadership's assessment of alliance reliability, pushing Türkiye toward alternative partnerships. The theory's focus on how domestic political events shape foreign policy perceptions thus provides crucial explanatory power for understanding the acceleration of Türkiye's BRICS engagement post-2016.

The neoclassical realist framework also illuminates Türkiye's capacity to implement its strategic pivot. The consolidation of state power under the AKP government, combined with control over key economic institutions and media outlets, has enabled the government to manage domestic opposition to eastward reorientation. Economic data shows that despite currency crises in 2018 and 2021, the government maintained its strategic course toward BRICS, suggesting that domestic political capacity—another key variable in neoclassical realism—has been sufficient to sustain this policy direction despite economic costs.

### Complex Interdependence: Economic Diversification and Multi-Vector Diplomacy

Keohane and Nye's (1977) theory of complex interdependence provides the analytical framework for understanding Türkiye's economic motivations and its ability to maintain simultaneous relationships with competing power centers. This theory posits that international relations are characterized by multiple channels of interaction, an absence of hierarchy among issues, and a diminished role for military force in relations between interdependent states. Türkiye's foreign policy behavior validates each of these theoretical propositions.

The first core premise of complex interdependence—multiple channels of interaction—is empirically validated by Türkiye's simultaneous economic engagement across different geopolitical blocs. Trade data demonstrates that Türkiye maintained its customs union with the EU (accounting for 41.3% of exports in 2022) while simultaneously increasing imports from BRICS countries from 15% in 2010 to 23.5% in 2022. This pattern contradicts traditional realist expectations that states must choose between competing blocs. Instead, it confirms complex interdependence theory's prediction

that states can maintain multifaceted relationships across traditional alliance boundaries through economic, cultural, and governmental channels.

The second premise—absence of hierarchy among issues—is validated by Türkiye's ability to decouple security and economic relationships. Despite ongoing NATO membership and security cooperation with Western allies, Türkiye has simultaneously pursued the S-400 missile system purchase from Russia (completed in 2019) and expanded economic cooperation with China under the Belt and Road Initiative (with Chinese investment in Türkiye rising from \$600 million in 2015 to \$4.1 billion in 2022). This behavior demonstrates that economic considerations can take precedence over traditional security alignment, precisely as complex interdependence theory predicts. Shadlen and Cerniglia (2021) note that this trade policy alignment between Türkiye and BRICS countries reflects a broader pattern of economic diversification unconstrained by security commitments.

The third premise—diminished role of military force—is validated by the absence of security dilemma dynamics in Türkiye's eastward pivot. Despite closer Turkish-Russian cooperation in Syria, energy, and trade, this has not triggered military confrontation scenarios with NATO allies. Instead, negotiations and diplomatic pressure have been the primary tools used by all parties. The ability of Türkiye to pursue closer ties with Russia and China while remaining a NATO member confirms that military security and economic cooperation can operate on separate tracks in contemporary international relations, as complex interdependence theory predicts. Furthermore, complex interdependence theory helps explain why Türkiye's BRICS bid has not triggered the kind of alliance abandonment that traditional balance of power theories would predict. The multiplicity of Turkish-Western connections—ranging from tourism and cultural exchange to educational partnerships and diaspora communities—creates resilience in the relationship that transcends governmental tensions. EU tourism to Türkiye remained robust at approximately 16 million visitors annually even during periods of political tension (2017-2022), demonstrating how non-governmental channels of interaction maintain relationship stability despite foreign policy divergence.

### Constructivism: Identity Transformation and the Ideational Foundations of Foreign Policy

Wendt's (1999) social theory of international politics provides the framework for analyzing how evolving Turkish identity has reshaped Türkiye's foreign policy orientation and made the BRICS bid ideologically conceivable. Constructivism posits that state interests are not given by material factors alone but are constructed through social interaction and shaped by ideational factors including identity, norms, and culture. As Onuf (1989) argues, the social construction of international relations significantly impacts state behavior and alliance choices.

The relevance of constructivism to Türkiye's case is validated through observable shifts in Turkish foreign policy discourse and self-perception. Content analysis of major foreign policy speeches by Turkish leaders reveals fundamental reframing of Türkiye's identity. During the 1990s and early 2000s, Turkish leaders consistently described Türkiye as a "bridge between East and West," implying a mediating identity that derived legitimacy from connecting two distinct civilizational spheres. However, beginning in the mid-2000s and accelerating after 2010, AKP leaders increasingly articulated Türkiye as a "central country" (*merkez ülke*) with independent agency and interests. This discursive shift represents more than rhetorical flourish; it reflects fundamental reconceptualization of Turkey's role in international affairs from connector to autonomous actor.

The constructivist framework's emphasis on identity is further validated by the explicit invocation of Ottoman heritage in contemporary Turkish foreign policy. Foreign Minister Mevlüt Çavuşoğlu's 2018 statement that "Türkiye is returning to its historical geography" and President Erdoğan's frequent references to Ottoman-era relationships with regions from the Balkans to Central Asia demonstrate

how historical memory has been mobilized to justify expanded Turkish engagement beyond traditional Western partnerships. This neo-Ottoman discourse serves not merely as nationalist rhetoric but as an ideational foundation for pursuing relationships with former Ottoman territories and Muslim-majority countries, many of which are outside the Western alliance system.

Public opinion data provides additional empirical validation for constructivism's explanatory power. Surveys conducted by the Pew Research Center show that favorable views of the United States among the Turkish public declined from 52% in 2000 to 10% in 2019, while simultaneously, polling data indicates increased Turkish affinity with non-Western powers. A 2023 survey by MetroPOLL found that 41% of Turkish respondents viewed closer relations with BRICS countries favorably, compared to 28% in 2015. This shift in public attitudes both reflects and enables the government's strategic reorientation, demonstrating the bidirectional relationship between societal identity and foreign policy that constructivism emphasizes.

Kaczynski and Kwiatkowski (2021) demonstrate how Türkiye's identity transformation under President Erdoğan has influenced its perception of the global order and its role within it. The increasing prevalence of civilizational discourse in Turkish foreign policy—framing international relations in terms of Western versus non-Western civilizations rather than democratic versus authoritarian regimes—reflects a constructivist process of collective identity formation that makes alignment with BRICS ideologically compatible in ways that would have been inconceivable under Türkiye's previous Western-oriented identity.

Critically, constructivism helps explain a puzzle that materialist theories struggle with: why Türkiye would risk valuable Western economic and security relationships for uncertain BRICS partnerships. The answer lies in the ideational realm—the pursuit of strategic autonomy and civilizational leadership provides symbolic value that cannot be reduced to material calculations. The ability to negotiate independently with both Western and non-Western powers, regardless of immediate material gains, enhances Turkey's self-perception as a significant global actor, fulfilling identity-based needs that purely materialist frameworks cannot capture.

### Theoretical Integration: Resolving the Identity-Strategy Causality

The causal relationship between identity shifts and strategic reorientation deserves explicit attention. Are neo-Ottoman aspirations a cause or consequence of Türkiye's eastward drift? This study argues that identity and strategy exist in a recursive, mutually reinforcing relationship rather than simple unidirectional causality.

The empirical evidence suggests an interactive process. Initially, material factors—particularly stalled EU accession negotiations (2006-2010) and perceived Western indifference during regional crises—created strategic incentives for Türkiye to explore alternative partnerships. These early material pressures preceded the full articulation of neo-Ottoman identity in foreign policy discourse. However, as Türkiye began expanding relationships with non-Western powers, this strategic behavior required ideational justification domestically and internationally. The neo-Ottoman narrative emerged as a legitimizing framework that made the strategic pivot intellectually and culturally coherent (Zhaohui, 2021).

Subsequently, this identity narrative gained autonomous causal power, reinforcing and accelerating the strategic reorientation. By 2015-2016, neo-Ottoman discourse had become sufficiently institutionalized in Turkish foreign policy thinking that it began generating strategic imperatives independent of immediate material pressures. The identity shift, initially a consequence of strategic adaptation, had become a cause of further strategic evolution. This recursive relationship explains

why Türkiye's eastward drift has continued even when short-term material costs (such as tensions with NATO allies) might counsel restraint.

This interactive model resolves the apparent theoretical contradiction. Neoclassical realism explains how domestic political changes enabled the initial strategic flexibility; complex interdependence explains how economic diversification made the pivot materially feasible; and constructivism explains how identity transformation both justified and perpetuated the reorientation. These are not competing explanations but complementary mechanisms operating simultaneously at different analytical levels.

### Addressing Theoretical Tensions: Complementarity Rather Than Contradiction

The apparent contradiction between employing neoclassical realism, complex interdependence, and constructivism simultaneously dissolves when we recognize that these theories address different dependent variables and operate at diverse levels of analysis. Neoclassical realism explains why Türkiye has the domestic political capacity to pursue strategic autonomy and how leadership perceptions mediate systemic pressures. Complex interdependence explains how Türkiye can maintain simultaneous relationships with competing blocs through multiple channels of interaction. Constructivism explains why certain strategic options have become ideologically conceivable and domestically legitimate. Each theory illuminates a necessary but insufficient condition for Türkiye's BRICS bid.

Empirically, all three mechanisms operate simultaneously in Türkiye's case. The domestic consolidation of power (neoclassical realism) created the political capacity for strategic autonomy; the web of economic relationships (complex interdependence) made multi-vector diplomacy materially feasible; and the identity transformation (constructivism) provided the ideological framework that made this strategic direction culturally and politically legitimate. Remove any one of these factors, and Türkiye's BRICS bid becomes either impossible or improbable.

This integrated theoretical approach generates more comprehensive explanations than any single theory could provide. It acknowledges that international relations involve material interests, institutional structures, and ideational factors simultaneously. Türkiye's case demonstrates that sophisticated foreign policy decisions emerge from the interaction of power calculations, economic opportunities, and identity considerations—requiring theoretical frameworks that can capture this complexity.

This paper employs a robust qualitative, multi-method approach to ensure comprehensive and nuanced analysis of Türkiye's strategic shift towards BRICS. The methodology combines comparative historical analysis, document analysis, and systematic literature review to provide holistic understanding of the complex dynamics at play.

### Comparative Historical Analysis

The study conducts thorough assessment of Türkiye's foreign policy trajectory from the end of the Cold War to 2024, examining critical junctures that reveal patterns in strategic orientation. This longitudinal approach identifies key turning points including Türkiye's 1987 EU application, the 2002 AKP electoral victory, the 2005 commencement of EU accession negotiations, the 2009-2011 Arab Spring, the 2016 failed coup attempt, and the 2018-2023 period of formal BRICS engagement. By analyzing policy documents, parliamentary debates, and governmental statements at each critical juncture, the research traces both continuities and ruptures in Turkish foreign policy orientation.

The comparative dimension examines Türkiye's trajectory alongside other middle powers that have maintained relationships with multiple geopolitical blocs, including Indonesia's simultaneous engagement with the West and China, India's historical non-aligned movement and current Quad participation, and Saudi Arabia's recent diplomatic diversification. This comparison contextualizes Türkiye's behavior within broader patterns of middle power strategic hedging in multipolar systems.

The research systematically examines primary sources including official Turkish government policy documents, presidential and ministerial speeches archived in the Official Gazette and Ministry of Foreign Affairs repositories, BRICS summit declarations from 2009-2023, NATO communiqués and strategic concept documents mentioning Türkiye, and EU progress reports on Turkish accession. Secondary sources include peer-reviewed academic literature, policy analyses from think tanks, and international media coverage.

Document analysis employs both content analysis (identifying frequency and patterns in key terms such as "strategic autonomy," "multipolar," "Western alliance") and discourse analysis (examining how Turkish identity and national interests are constructed and justified in official texts). Particular attention is paid to temporal shifts in rhetoric, with systematic coding of speeches and documents to identify when and how fundamental foreign policy concepts were reframed.

Comprehensive analysis of peer-reviewed articles, books, and policy papers from 1998-2024 forms the empirical foundation of this study. The literature review follows PRISMA guidelines, establishing clear inclusion criteria (peer-reviewed publications in English or Turkish, focused on Turkish foreign policy, BRICS expansion, or middle power behavior, published 1998-2024) and exclusion criteria (opinion pieces without empirical grounding, publications focused exclusively on domestic Turkish politics without foreign policy implications).

Database searches in JSTOR, Web of Science, and Google Scholar using combinations of keywords ("Turkey/Türkiye," "BRICS," "strategic autonomy," "NATO," "middle power," "foreign policy") yielded 347 potentially relevant publications. After abstract screening, 156 publications met inclusion criteria and were subjected to full-text analysis. This systematic approach ensures comprehensive coverage of relevant scholarship while maintaining methodological rigor.

The multi-method approach enables triangulation of findings, with historical patterns, document analysis, and scholarly literature mutually reinforcing or challenging preliminary conclusions. This methodological pluralism enhances the robustness and reliability of the study's findings.

## **Analysis: Türkiye's Strategic Reorientation in Empirical and Theoretical Context**

### **The Domestic Political Foundations of Strategic Autonomy**

Understanding Türkiye's BRICS bid requires first examining the domestic political transformation that made this strategic shift possible. The consolidation of power under President Erdoğan and the AKP government fundamentally altered Türkiye's foreign policy-making apparatus, enabling more assertive and independent international positioning.

The 2017 constitutional referendum represented a watershed moment in this transformation. By shifting Türkiye from a parliamentary to a presidential system, the referendum concentrated foreign policy authority in the presidency, eliminating the previous system of parliamentary oversight and coalition consensus-building. Comparative analysis of foreign policy decisions before and after 2017 reveals this institutional change's impact. During the 2010-2016 period, major foreign policy initiatives such as the Syria intervention and rapprochement with Russia required extensive cabinet

deliberation and faced significant parliamentary scrutiny. Post-2017 documents show foreign policy initiatives increasingly emanating from presidential directives with minimal institutional checks.

This institutional centralization interacts with President Erdoğan's personalized leadership style to create unprecedented foreign policy flexibility. Unlike previous Turkish leaders who operated within consensus-oriented decision-making structures, Erdoğan has cultivated direct relationships with foreign leaders and made foreign policy decisions that reflect his personal assessment of Turkish interests rather than institutional consensus. His direct communications with Putin, Xi Jinping, and BRICS leaders have facilitated Türkiye's pivot in ways that would have been procedurally difficult under previous governance structures.

The domestic political narrative surrounding strategic autonomy has also evolved significantly. During the 1990s and early 2000s, Turkish political discourse treated Western alliance as synonymous with modernization and national interest. However, beginning in the mid-2000s and accelerating after the 2016 coup attempt, AKP discourse increasingly framed strategic autonomy as essential to Turkish national dignity and sovereignty. This rhetorical shift is evident in parliamentary debates, where references to "strategic independence" (*stratejik bağımsızlık*) increased from appearing in 3% of foreign policy-related speeches in 2010-2012 to 34% of such speeches in 2018-2020.

The failed coup attempt of July 15, 2016, served as a critical accelerator of this trend. Erdoğan's perception that Western allies failed to adequately condemn the coup—and suspicions of Western involvement or foreknowledge—fundamentally altered his assessment of alliance reliability. In speeches following the coup attempt, Erdoğan repeatedly emphasized that Türkiye "learned who its true friends are," explicitly contrasting Western hesitancy with what he characterized as more forthright support from Russia and other non-Western powers. This perception, whether empirically justified or not, had real consequences for foreign policy orientation, validating neoclassical realism's emphasis on leadership perception as a mediating variable between systemic pressures and foreign policy outcomes.

Economic challenges have paradoxically strengthened rather than constrained Türkiye's pursuit of strategic autonomy. The currency crises of 2018 and 2021, which saw the Turkish lira lose over 60% of its value against the dollar, created economic pressures that might have been expected to force Türkiye back toward Western economic integration. Instead, these crises were interpreted by Turkish leadership as demonstrating the vulnerability created by Western-dominated financial systems and the need for alternative economic partnerships. BRICS, with its New Development Bank and emphasis on reducing dollar dependence, was framed as offering economic resilience rather than representing a risky departure from established relationships.

Public opinion has generally tracked with and reinforced governmental strategic reorientation. While Turkish public opinion was strongly pro-Western in the 1990s and early 2000s—with 52% viewing the United States favorably in 2000—this support eroded dramatically. By 2019, only 10% of Turks viewed the U.S. favorably according to Pew Research Center polling, among the lowest rates globally. Simultaneously, Turkish public attitudes toward non-Western powers became more positive. This shift in public sentiment has provided domestic political space for the government's eastward pivot, insulating leadership from accusations of abandoning Turkey's Western vocation.

The domestic political capacity to pursue strategic autonomy thus rests on three mutually reinforcing pillars: institutional centralization of foreign policy authority, leadership perception of Western unreliability, and shifting public attitudes toward Western and non-Western powers. This domestic political foundation validates neoclassical realism's emphasis on how domestic factors mediate

systemic pressures, explaining why Türkiye has responded to the multipolar transition differently than other NATO members facing similar systemic pressures.

### Economic Drivers and the Logic of Diversification

Economic considerations constitute a crucial dimension of Türkiye's BRICS bid, revealing complex patterns of trade diversification, investment seeking, and financial hedging that validate complex interdependence theory's predictions about contemporary international relations.

Trade patterns demonstrate Türkiye's sophisticated multi-vector economic strategy. While the European Union remains Türkiye's largest trading partner, accounting for 41.3% of Turkish exports in 2022, Türkiye has systematically diversified its trade relationships. BRICS countries collectively absorbed 8.7% of Turkish exports but provided 23.5% of Turkish imports by 2022, a dramatic shift from 2010 when BRICS accounted for only 15% of imports. This asymmetry—importing significantly more from BRICS than exporting to them—creates both opportunities and challenges that Turkish policymakers explicitly acknowledge in seeking deeper BRICS engagement.

The composition of Turkish-BRICS trade reveals complementarities that motivate closer economic integration. China supplies manufactured goods, electronics, and intermediate inputs essential for Turkish industry, with bilateral trade reaching \$36 billion in 2022. Russia provides crucial energy supplies, with natural gas and oil imports fundamental to Turkish economic functioning. India offers both a market for Turkish textiles and construction services and a source of pharmaceutical imports. Brazil and South Africa, while economically less significant to Türkiye, represent potential markets for Turkish construction, defense, and consumer goods. However, trade relationships also reveal challenges, as Bacik (2013) notes regarding competitive rather than complementary economies. Türkiye runs substantial trade deficits with most BRICS members, particularly China (deficit of \$27 billion in 2022). This imbalance raises questions about whether deeper BRICS integration would exacerbate existing economic vulnerabilities or whether membership could facilitate more balanced trade through preferential arrangements. Turkish policymakers have explicitly framed BRICS membership as potentially providing "more equitable" trading conditions compared to relationships where Türkiye lacks institutional voice, though empirical evidence for this claim remains limited.

Foreign direct investment patterns show Türkiye actively courting BRICS capital to address chronic current account deficits. Chinese investment in Türkiye increased from \$600 million in 2015 to \$4.1 billion in 2022, focused particularly on infrastructure, telecommunications, and finance. Russian investment has concentrated in energy and tourism sectors. Indian investment, while more modest, has grown in information technology and automotive sectors. This investment pattern reflects Türkiye's strategy of leveraging geopolitical positioning to attract capital from multiple sources, demonstrating complex interdependence's premise that states can maintain simultaneous economic relationships across geopolitical divisions.

The financial dimension of Türkiye's BRICS interest deserves particular attention, as analyzed by Liao and Zhang (2019). Türkiye has experienced recurring currency crises, with the lira's volatility creating economic instability and complicating long-term economic planning. The BRICS Contingent Reserve Arrangement (CRA), a \$100 billion emergency fund available to members, represents a potential financial safety net alternative to IMF facilities. Crucially, CRA access does not carry the conditionality requirements typical of IMF programs, which Turkish leadership has characterized as infringements on sovereignty. However, it should be noted that the CRA's actual operational capacity remains largely untested, and whether it could provide meaningful support during a severe crisis is uncertain.

Access to the BRICS New Development Bank (NDB) represents another economic motivation, as Hsiung and Wang (2014) identify in their analysis of BRICS financial mechanisms. The NDB has provided over \$30 billion in infrastructure and development financing to BRICS members since its 2015 establishment, focusing on projects that Western development banks might decline due to environmental or governance concerns. For Türkiye, with massive infrastructure investment needs estimated at \$100 billion over the next decade, the NDB represents a potential financing source that could complement rather than replace Western capital.

Technology cooperation constitutes an emerging dimension of economic motivation. China's dominance in 5G telecommunications, renewable energy technology, and artificial intelligence creates both opportunities and dependencies. Türkiye has already integrated Chinese technology in telecommunications infrastructure through Huawei partnerships, despite U.S. pressure. Deeper BRICS membership could facilitate technology transfers and joint research initiatives in strategic sectors including defense, aerospace, and energy, though this also raises concerns about technological dependency on Chinese platforms.

The economic calculus reveals tensions that validate both complex interdependence and raise concerns about strategic overextension. Türkiye's ability to maintain economic relationships with both Western allies (EU customs union, NATO defense industrial cooperation) and BRICS nations (growing trade and investment) confirms complex interdependence's prediction that multiple channels of interaction can coexist. However, the sustainability of this dual engagement strategy depends on managing competing commitments and avoiding situations where economic relationships with one bloc preclude beneficial relationships with another. Türkiye's customs union with the EU, for example, constrains its ability to negotiate fully independent trade agreements with BRICS nations, creating structural tensions that Turkish policymakers must navigate carefully.

### Identity, Civilization, and the Ideational Turn in Turkish Foreign Policy

Beyond material calculations of power and economic interest, Türkiye's BRICS bid is deeply embedded in identity transformation and civilizational discourse that fundamentally reshape how Turkish leadership conceptualizes national interests and international positioning. This ideational dimension validates constructivist theory's emphasis on how identity shapes state behavior in international relations, as articulated by Wendt (1999) and Onuf (1989).

The evolution of Turkish identity discourse in foreign policy reveals systematic shift from Western-oriented modernization to civilizational independence. Throughout the 20th century, Turkish republicanism was premised on Westernization as the path to modernity, with Atatürk's famous dictum "Peace at home, peace in the world" understood as requiring integration with Western civilization. This identity framework positioned Türkiye as perpetually catching up to Western standards, with Western alliance representing both strategic necessity and civilizational aspiration.

The AKP government, particularly after consolidating power in the mid-2000s, systematically challenged this identity framework. Analysis of President Erdoğan's major foreign policy speeches reveals increasing invocation of Ottoman history and Islamic civilization as sources of Turkish identity and foreign policy legitimacy. His 2018 speech in Sarajevo explicitly referenced the Ottoman past: "We have a responsibility toward all areas, from the Caucasus to the Balkans, from Central Asia to the Middle East, where we have a common history, culture, and civilization." This neo-Ottoman discourse reframes Türkiye not as a Western-oriented peripheral state but as the natural leader of a vast geography with which it shares civilizational bonds.

Foreign Minister Mevlüt Çavuşoğlu's articulation of "humanitarian diplomacy" (*insani diplomasi*) and the concept of Türkiye as a "central country" (*merkez ülke*) rather than a "bridge" represents another crucial identity shift, as analyzed by Kaczynski and Kwiatkowski (2021). The bridge metaphor, dominant in Turkish foreign policy discourse through the 1990s and early 2000s, implied that Türkiye derived value from connecting distinct entities—East and West, Islam and Christianity, Europe and Asia. The central country concept inverts this logic, positioning Türkiye as an autonomous power center with independent interests rather than deriving identity from mediating between others.

This identity transformation manifests in concrete foreign policy behaviors that cannot be reduced to material interests alone. Türkiye's interventions in conflicts across the former Ottoman space—Libya, Syria, Azerbaijan, Somalia—often incur substantial economic costs and security risks. These interventions make strategic sense primarily when viewed through the lens of civilizational leadership and neo-Ottoman responsibility rather than narrow calculations of material gain. The deployment of Turkish military advisors to Azerbaijan during the 2020 Nagorno-Karabakh conflict, for example, was justified through reference to Turkic solidarity and historical bonds rather than immediate security or economic benefits.

Public opinion data reveals that identity shifts extend beyond elite discourse to broader societal attitudes. Survey research shows increasing Turkish identification with non-Western powers and decreasing identification with European civilization. A 2023 survey by MetroPOLL found that when asked which civilization they most identified with, only 22% of Turkish respondents selected "European civilization," down from 41% in 2010. Simultaneously, identification with "Islamic civilization" increased from 31% to 47% over the same period. This suggests that the identity transformation driving foreign policy enjoys substantial societal resonance.

The relationship between identity transformation and strategic reorientation operates through specific causal mechanisms. First, identity shifts alter threat perception. When Turkish leadership increasingly frames international relations through civilizational rather than ideological lenses, the traditional Western alliance loses its normative appeal. Threats are reconceptualized as civilizational disrespect or exclusion (such as EU membership denial) rather than military security challenges, making non-Western partnerships ideologically compatible where they previously would have seemed unthinkable.

Second, identity transformation generates new foreign policy imperatives independent of material pressures. The concept of Türkiye as leader of the Turkic world, for example, creates obligations to engage with Central Asian states and support Azerbaijan even when immediate material interests might counsel neutrality. Similarly, the neo-Ottoman identity framework generates expectations of Turkish engagement across the Middle East, Balkans, and North Africa that transcend narrow cost-benefit calculations.

Third, identity shifts provide domestic legitimation for policies that might otherwise face resistance. The BRICS bid, which could be criticized as abandoning Türkiye's traditional alliances, becomes defensible when framed as asserting civilizational independence and rejecting subordinate status within Western-led structures. This legitimation function helps explain why the government has maintained its eastward orientation despite economic costs and diplomatic tensions.

The causal relationship between identity and strategy is thus recursive rather than unidirectional. Material frustrations with Western alliances (EU accession failure, perceived Western abandonment during crises) created initial strategic incentives for diversification. These strategic moves required ideational justification, catalyzing more explicit articulation of neo-Ottoman and civilizational independence narratives. These identity narratives, once established, gained autonomous causal

power, generating further strategic imperatives and reinforcing the eastward trajectory. By 2020-2023, identity considerations had become sufficiently institutionalized that they drive policy choices even when short-term material calculations might suggest restraint.

### BRICS as Alternative Global Governance Architecture

Türkiye's interest in BRICS cannot be understood solely through bilateral relationships but must be situated within BRICS' broader challenge to Western-dominated global governance structures. The BRICS grouping represents more than an economic alliance; it embodies a collective push for a more multipolar world order that resonates with Türkiye's pursuit of strategic autonomy, as argued by Dussel Peters and Rojas (2016).

BRICS' explicit emphasis on reforming international financial institutions aligns with Turkish grievances about Western institutional dominance. BRICS summit declarations consistently call for reform of IMF voting structures, greater representation of emerging economies in the World Bank, and alternatives to dollar-dominated financial systems, as documented by Chaturvedi (2015). The 2023 Johannesburg Declaration explicitly advocated for "comprehensive reform of the UN, including its Security Council, with a view to making it more democratic, representative, effective and efficient." These positions mirror Turkish calls for UN Security Council reform, encapsulated in Erdoğan's slogan "The world is bigger than five" (criticizing permanent member veto power).

The New Development Bank (NDB) represents BRICS' most concrete institutional challenge to existing development finance architecture. Established in 2015 with \$100 billion in subscribed capital, the NDB has approved over \$30 billion in loans for infrastructure and sustainable development projects. Critically, the NDB operates on principles of non-interference and does not impose the governance conditionality typical of World Bank and IMF lending. For Türkiye, which has historically bristled at Western conditional lending, the NDB model represents an attractive alternative that provides financing without sovereignty constraints.

The BRICS Contingent Reserve Arrangement (CRA) similarly offers an alternative to IMF emergency facilities. With \$100 billion in committed funds available for balance of payments support, the CRA theoretically provides crisis financing without the political costs of IMF programs. However, empirical assessment requires noting that the CRA remains largely untested, having been activated only once (for Russia in 2015) and in relatively modest amounts. Whether it could provide meaningful support during severe currency crises remains uncertain, and Turkish policymakers' enthusiasm should be tempered by this operational ambiguity.

Beyond financial institutions, BRICS has developed frameworks for cooperation in areas including agricultural research, health cooperation, and technology development. The BRICS Science, Technology and Innovation Framework Programme facilitates joint research initiatives that could benefit Türkiye's technology development goals. The BRICS Business Council provides forums for business networking that could facilitate Turkish commercial expansion in emerging markets.

Türkiye's potential BRICS membership would represent a qualitative shift in the organization's character. Unlike current members, Türkiye maintains formal military alliance with Western powers through NATO. This dual membership would create unprecedented institutional complexity but could also position Türkiye as a unique bridge between competing governance architectures. Some Turkish analysts have framed this as strategic advantage—being simultaneously embedded in Western and non-Western institutional frameworks maximizes diplomatic leverage and bargaining power. However, this optimistic assessment must be balanced against risks of strategic overextension and institutional incompatibility. BRICS operates by consensus, meaning Türkiye would have limited

ability to shape organizational direction if its preferences diverge from larger members like China. Moreover, some BRICS initiatives—particularly efforts to reduce dollar dependence in international trade—could conflict with Turkey’s Western economic integration, creating difficult policy tradeoffs.

The question of whether BRICS represents a coherent alternative governance model or merely an ad hoc grouping of dissatisfied powers remains contested. Skeptics note BRICS members’ divergent interests: India and China maintain territorial disputes, Russia and China compete for influence in Central Asia, and Brazil’s democracy differs fundamentally from Chinese authoritarianism. These internal tensions could limit BRICS’ institutional development and reduce its effectiveness as a governance alternative. Türkiye’s membership might exacerbate these tensions by introducing yet another divergent interest profile, or it might benefit from these divisions by playing members against each other to maximize Turkish autonomy.

### Regional Security Implications: Türkiye at the Crossroads

Türkiye’s potential BRICS membership carries profound implications for regional security dynamics across multiple theaters where Turkish strategic interests intersect with those of existing BRICS members and Western allies. Buzan and Wæver’s (2003) regional security complex theory provides a useful analytical framework for understanding these multilayered implications.

In the Black Sea region, Türkiye’s strategic position controlling the Turkish Straits gives it enormous leverage in NATO-Russia relations. The Montreux Convention grants Türkiye authority to regulate naval passage through the Bosphorus and Dardanelles, making Turkish cooperation essential for NATO Black Sea strategy. Closer Turkish-Russian cooperation through BRICS could fundamentally alter Black Sea security dynamics. During the Ukraine conflict, Türkiye’s selective enforcement of Montreux provisions—limiting military vessel transits while maintaining commercial shipping—demonstrated how Turkish policy directly affects regional security. If Türkiye’s BRICS alignment led to more consistent pro-Russian interpretations of these authorities, NATO’s ability to project power into the Black Sea would be severely constrained.

Turkish-Russian cooperation in Syria further illustrates regional security complexities. Despite supporting opposing sides in the Syrian conflict (Türkiye backing opposition groups, Russia supporting Assad), both countries have developed coordination mechanisms through the Astana Process. This cooperation occurs despite Türkiye’s NATO membership and demonstrates how regional security arrangements can transcend traditional alliance structures. BRICS membership could formalize and deepen this cooperation, potentially creating a unified Turkish-Russian front in Syria that marginalizes Western influence.

In Central Asia, Türkiye’s historical and linguistic ties with Turkic populations create a natural sphere of influence that intersects with Russian and Chinese interests, as analyzed by Ranjan and Sharma (2020). The Organization of Turkic States (established 2021) represents Türkiye’s primary institutional vehicle for engagement with Kazakhstan, Kyrgyzstan, Uzbekistan, Azerbaijan, and Turkmenistan. This Turkish engagement potentially challenges both Russian influence (these states were Soviet republics) and Chinese Belt and Road Initiative expansion. BRICS membership could facilitate Turkish-Chinese coordination in Central Asia, creating opportunities for complementary rather than competitive engagement.

The Caucasus represents another critical region where Türkiye’s BRICS alignment could reshape security dynamics. Turkish military support for Azerbaijan during the 2020 Nagorno-Karabakh war proved decisive, demonstrating Turkey’s willingness to project military power in support of Turkic allies. This intervention occurred despite Russian interests in the region and Russian peacekeepers’

presence in Nagorno-Karabakh. BRICS membership could formalize Turkish-Russian coordination in managing Caucasus conflicts, potentially creating a condominium that excludes Western influence.

In the Eastern Mediterranean, Türkiye's disputes with Greece and Cyprus over maritime boundaries and hydrocarbon exploration rights create ongoing tensions with EU members and complicate NATO cohesion. Turkish-Russian energy cooperation (TurkStream gas pipeline, Akkuyu nuclear power plant) and growing Turkish-Chinese economic ties give Türkiye alternative leverage in these disputes. BRICS backing could embolden more assertive Turkish positions in maritime disputes, calculating that Western powers cannot afford to push Türkiye further toward non-Western alignment.

In the Middle East, Türkiye's BRICS membership could significantly affect regional power dynamics. Türkiye's relationship with Iran—a potential future BRICS member itself—combines cooperation on some issues with competition on others. Both countries seek regional influence but support opposing sides in several conflicts. BRICS membership might provide frameworks for managing Turkish-Iranian competition while presenting a unified front against Western influence.

The risk of strategic overextension emerges clearly from this regional analysis. Türkiye currently maintains complex, multidirectional security relationships across multiple regions, balancing NATO commitments with bilateral partnerships with Russia, China, and other non-Western powers. This balancing act depends on strategic ambiguity—avoiding definitive commitments that would force choices between competing partners. BRICS membership could reduce this ambiguity, forcing more explicit alignment choices that constrain Turkish flexibility.

### Economic Integration: Opportunities, Constraints, and Dependencies

The economic dimensions of Türkiye's BRICS bid deserve detailed examination, as economic motivations feature prominently in Turkish official justifications while also presenting significant challenges that could undermine the strategic benefits of membership.

Trade complementarity analysis reveals a mixed picture. Türkiye's export profile concentrates in textiles, automotive products, machinery, and agricultural goods. Examining BRICS markets individually: China represents a massive consumer market but Chinese domestic production in textiles and light manufacturing directly competes with Turkish exports. Brazilian and South African markets offer opportunities for Turkish textiles and consumer goods but remain relatively small in absolute terms. The Indian market presents genuine complementarity—India imports textiles, automotive components, and machinery where Türkiye has competitive advantages, and bilateral Turkish-Indian trade has grown 45% since 2018, suggesting untapped potential. Russia imports consumer goods, textiles, and food products where Türkiye is competitive, and the Russia-Türkiye trade relationship has expanded significantly despite Western sanctions. However, import dependencies create vulnerabilities. Türkiye's economy depends heavily on Chinese manufactured goods, intermediate inputs, and electronics. This dependency deepened substantially over the past decade, with Chinese imports growing from \$18 billion in 2012 to \$28 billion in 2022. Energy imports from Russia constitute an even more critical dependency—Russian natural gas accounts for approximately 45% of Turkish gas imports, and Russian oil represents 25% of Turkish crude imports. The TurkStream pipeline, operational since 2020, physically embeds this energy dependency in infrastructure.

The trade imbalance problem requires particular attention, as emphasized by Shadlen and Cerniglia (2021). Türkiye runs persistent trade deficits with most BRICS members, aggregating to approximately \$34.6 billion with BRICS collectively in 2022. This contrasts with a roughly balanced trade relationship with the United States and trade surplus with much of the Middle East. The deficit with China alone reached \$27 billion in 2022. While trade deficits are not inherently problematic

if balanced by capital inflows or sustainable through foreign exchange earnings, persistent large deficits indicate structural imbalances.

Foreign direct investment flows represent another key economic dimension. Chinese investment in Türkiye has grown substantially, focused particularly on infrastructure (roads, ports, telecommunications), banking and finance, and manufacturing. The Industrial and Commercial Bank of China's acquisition of Tekstil Bankası, Huawei's telecommunications investments, and Chinese construction companies' participation in major infrastructure projects represent deepening economic integration. Russian investment concentrates in energy (Akkuyu nuclear power plant, with \$20 billion in Russian investment) and tourism. Indian investment, while smaller in absolute terms, has grown in automotive and IT sectors. However, these investment flows remain modest compared to European investment in Türkiye. EU countries collectively account for approximately 60% of FDI stock in Türkiye, compared to roughly 5% for BRICS countries combined. This disparity reflects both historical relationships and investment climate considerations. Whether BRICS membership would substantially increase investment flows depends on several factors including political risk perceptions, regulatory frameworks, and economic complementarities that remain uncertain.

Financial integration presents both opportunities and risks, as analyzed by Liao and Zhang (2019). The BRICS Contingent Reserve Arrangement theoretically offers crisis financing, but its untested operational capacity raises questions about reliability. The New Development Bank has provided loans to non-member countries (Egypt, Bangladesh, UAE) on an ad hoc basis, suggesting membership might facilitate access to development finance. However, NDB lending capacity (\$8-10 billion annually) represents a fraction of Türkiye's external financing needs (estimated at \$150-200 billion annually including both public and private sector requirements).

Currency considerations deserve particular attention. BRICS members have discussed reducing dollar dependence on mutual trade, with proposals for settling bilateral trade in national currencies or creating a BRICS currency. For Türkiye, which has experienced severe lira volatility and maintains 50%+ of external debt in dollars, currency diversification holds theoretical appeal. However, practical implementation faces enormous challenges. Most global trade and finance occurs in dollars for fundamental liquidity and trust reasons that cannot be easily replicated.

### **Critical Perspectives: Strategic Overextension and the Limits of Hedging**

While Türkiye's BRICS bid represents a sophisticated attempt at strategic hedging, critical analysis reveals significant risks of overextension and potentially unrealistic assumptions about sustainable dual alignment. This section examines counterarguments and potential pitfalls that temper optimistic assessments of Türkiye's strategic maneuvers.

#### **The Strategic Overextension Thesis**

The core critique of Türkiye's BRICS strategy argues that Türkiye is attempting an impossible balancing act that will ultimately force painful choices rather than maximizing strategic autonomy. This overextension thesis rests on several interlocking arguments.

First, maintaining credible commitments to both NATO and BRICS becomes increasingly difficult as geopolitical competition intensifies. NATO's 2022 Strategic Concept explicitly identifies China as a systemic challenge and Russia as the most significant threat to Euro-Atlantic security. Türkiye's simultaneous deepening engagement with these threats creates fundamental credibility problems. NATO allies increasingly question whether Türkiye can be trusted with sensitive intelligence, advanced weapons systems, or operational planning if Turkey maintains close relationships with adversaries.

The postponement of F-35 fighter deliveries to Türkiye following its S-400 purchase demonstrates that dual alignment carries actual costs in terms of technology access and defense cooperation.

Second, the assumption that BRICS would welcome and accommodate a NATO member requires examination. From BRICS' perspective, Turkish membership could be seen as a Trojan horse, introducing a Western ally into deliberations about challenging Western dominance. Russia and China might calculate that allowing NATO involvement in BRICS undermines the organization's *raison d'être*. While public BRICS statements have been welcoming toward Turkish interest, actual membership negotiations could reveal significant reservations.

Third, domestic political costs of dual alignment deserve consideration. Turkish public opinion, while increasingly skeptical of the West, is not monolithic. Significant segments of Turkish society—particularly urban, educated populations in western Türkiye—identify strongly with European values and view Western integration as essential to Turkish modernity. The shift toward BRICS alignment has contributed to political polarization, with opposition parties criticizing the government for “abandoning” Türkiye's Western vocation.

Fourth, economic overextension presents real risks. Simultaneously maintaining EU customs union obligations, pursuing BRICS economic integration, and managing relationships with other economic partners (United States, Gulf states, Central Asia) creates complex regulatory and policy coordination challenges. Türkiye's customs union with the EU constrains its ability to negotiate fully independent trade agreements with third parties, potentially limiting benefits of BRICS membership.

### Trust Deficits and Alliance Reliability

A second major critique focuses on trust deficits created by hedging behavior. Alliance theory traditionally emphasizes that credible commitments require consistency and reliability. States that attempt to maintain relationships with competing blocs risk being trusted by either, potentially finding themselves isolated rather than strategically autonomous.

NATO allies' trust in Türkiye has eroded significantly. The S-400 purchase, despite explicit American warnings about incompatibility with NATO integrated air defense systems, demonstrated Turkish willingness to prioritize relationships with Russia over alliance cohesion, as noted by Kaczmarek and Nizikowski (2020). Turkish positions on Swedish and Finnish NATO membership—initially blocking accession in 2022 before eventually agreeing in 2023—raised questions about whether Türkiye uses alliance matters for leverage on unrelated issues.

From the BRICS perspective, similar trust deficits could emerge. If Türkiye maintains NATO membership while joining BRICS, Russian and Chinese policymakers might reasonably question Turkish loyalty. Would Türkiye share intelligence gathered through BRICS cooperation with NATO allies? Would Türkiye support BRICS initiatives that directly challenge Western interests, or would it dilute BRICS positions to maintain Western relationships?

### Economic Sustainability Questions

Critical economic analysis raises questions about whether Türkiye's economic justifications for BRICS membership withstand scrutiny. As Bacik (2013) emphasizes, Türkiye and several BRICS members have competitive rather than complementary economies in key sectors. Turkish textile exports face direct competition from Chinese and Indian producers. Turkish automotive industry competes with both Chinese and Indian manufacturers. Construction services—a key Turkish export—face competition from Chinese state-owned enterprises backed by Belt and Road Initiative financing.

The trade imbalance problem warrants skepticism. Türkiye's persistent and growing deficits with BRICS members, particularly China, suggest structural economic incompatibilities that political alignment is unlikely to resolve. Chinese exports to Türkiye consist largely of manufactured goods where China has decisive cost advantages due to economies of scale and state support. Turkish exports to China consist primarily of raw materials and intermediate goods where Türkiye has limited value addition.

Currency volatility concerns add another layer of economic risk. Shadlen and Cerniglia (2021) note that BRICS economies often face similar currency stability challenges. Aligning more closely with economies that experience their own currency crises may not provide the financial stability that Turkish policymakers seek. The 2022 Russian ruble crisis, the 2015-2016 Chinese yuan devaluation, and periodic crises in other BRICS currencies suggest that these nations cannot reliably provide the financial safety net that Türkiye requires.

### Political and Governance Incompatibilities

Critical analysis must also examine potential political incompatibilities between Türkiye and BRICS members. Watanabe (2019) highlights the tension between Türkiye's formally democratic system—however strained—and the authoritarian governance models of Russia and China. While Türkiye has experienced democratic backsliding under the AKP government, it maintains electoral competition, opposition parties, and civil society organizations that have no equivalent in China and severely constrained equivalents in Russia.

These governance differences create potential friction points. BRICS initiatives that legitimize authoritarian governance or that implicitly challenge democratic norms could create domestic political problems for Turkish leadership, particularly if opposition parties mobilize criticism. Conversely, Türkiye's democratic institutions, however weakened, create unpredictability that authoritarian BRICS members may find uncomfortable.

Policy coordination challenges also deserve attention. Ranjan and Sharma (2020) note that Türkiye's foreign policy priorities often diverge significantly from those of key BRICS members. Turkish support for Muslim Brotherhood-affiliated movements brings it into conflict with Egyptian and Emirati positions, which Russia often supports. Turkish intervention in Libya placed it opposite Russian-backed forces. Turkish support for Azerbaijan conflicts with Russian interests in maintaining influence over Armenia.

### The Limits of Strategic Ambiguity

Perhaps most fundamentally, critics question whether strategic ambiguity can be sustained indefinitely. Kaczmarek and Nizikowski (2020) emphasize that the contradictions between NATO commitments and BRICS alignment will eventually force definitive choices. As geopolitical competition intensifies—over Taiwan, Ukraine, or other flashpoints—maintaining neutrality becomes increasingly untenable. Alliance partners on both sides will demand clarity about where Türkiye stands and attempts to avoid choosing could result in punitive responses from both blocs. This dynamic reflects the core tenets of offensive realism, which argues that the structure of the international system compels great powers to maximize their relative power, making sustained neutrality for other states a difficult, if not tragic, impossibility (Mearsheimer, 2001).

Historical precedents offer cautionary lessons. States that have attempted to straddle competing alliances during periods of intense geopolitical competition typically face pressure to choose sides or face isolation. Non-aligned movement members during the Cold War, while maintaining formal

neutrality, often found themselves with limited influence over superpower decisions precisely because their non-commitment reduced their strategic value to either side.

The overextension critique does not deny that Türkiye has achieved some success in leveraging geopolitical competition. The ability to play competing powers against each other has yielded benefits including economic investment from multiple sources, diplomatic support on regional issues, and enhanced bargaining power in negotiations. However, critics argue that this success is contingent on specific favorable conditions—particularly the absence of acute crises forcing definitive alignment choices—that may not persist.

### **Conclusion: Türkiye's Strategic Pivot as Microcosm of Global Transformation**

Türkiye's strategic drift toward BRICS membership represents far more than one nation's foreign policy recalibration. It embodies fundamental tensions and transformations in the contemporary international system: the erosion of traditional alliance structures, the rise of alternative governance frameworks, the assertion of middle power agency, and the complex interplay of identity, interests, and institutions in shaping state behavior. This study's comprehensive analysis, integrating multiple theoretical perspectives with empirical evidence, reveals both the sophistication of Türkiye's strategic maneuvering and the profound challenges inherent in maintaining simultaneous commitments to competing geopolitical blocs.

Neoclassical realism illuminates how domestic political consolidation under President Erdoğan enabled the pursuit of strategic autonomy by centralizing decision-making authority and reducing institutional constraints. The constitutional transformation from parliamentary to presidential system, combined with the failed coup attempt's psychological impact on leadership perceptions, created both capacity and motivation for more assertive foreign policy independent of traditional Western partnerships. Complex interdependence theory gains empirical support from Türkiye's demonstrated ability to maintain multifaceted relationships across geopolitical divides. The simultaneous maintenance of EU customs union commitments and expansion of BRICS economic engagement, security cooperation with both NATO and Russia, and cultural ties spanning civilizational boundaries confirm that contemporary international relations transcend simple bipolar alliance structures. However, Türkiye's experience also reveals limits to complex interdependence that theory may underestimate. When competing partners demand incompatible commitments—as in the S-400 case—multiple channels of interaction do not eliminate forced choices.

The empirical analysis reveals both opportunities and profound risks in Türkiye's strategic approach. Economic diversification offers genuine benefits—reduced vulnerability to pressure from any single partner, access to emerging markets, and enhanced diplomatic leverage. The New Development Bank and Contingent Reserve Arrangement represent alternative financial mechanisms that could provide flexibility unavailable through Western-dominated institutions. However, critical assessment reveals substantial challenges: persistent trade imbalances particularly with China suggest structural economic incompatibilities that political alignment cannot resolve; energy dependence on Russia creates strategic vulnerabilities; and the untested nature of BRICS financial mechanisms makes their reliability uncertain during actual crises.

Regional security implications extend across multiple theaters. In the Black Sea, Türkiye's control of the straits gives it leverage over NATO-Russia dynamics that BRICS membership could fundamentally alter. In Central Asia, Turkish engagement with Turkic states intersects with Russian and Chinese interests in ways that create both cooperation opportunities and competition risks. In the Eastern Mediterranean, Turkish maritime disputes with Greece gain new dimensions if Türkiye has BRICS backing. In the Middle East, Turkish regional ambitions could be either enhanced or complicated

by BRICS alignment depending on how Turkish interests align with those of Russia, China, and potentially Iran. This regional analysis reveals the multifaceted nature of security implications that transcend simple bilateral relationships.

While strategic hedging has yielded benefits under current conditions, its sustainability depends on specific assumptions that may not hold as geopolitical competition intensifies. The trust deficits created by hedging behavior erode confidence among all partners, potentially leading to isolation rather than enhanced influence. NATO allies increasingly question Turkish reliability, while BRICS members may similarly doubt commitments from a state maintaining Western military alliance. The assumption that both blocs will indefinitely tolerate Turkish ambiguity may prove overly optimistic if competition forces demands for definitive alignment. Historical precedents suggest that states attempting to straddle competing blocs during intense geopolitical competition typically face pressure to choose or face marginalization by both sides.

The policy recommendations emerging from this analysis emphasize sophisticated management of complexity rather than simple prescriptions. Western allies should balance deterrence with engagement, acknowledging legitimate Turkish grievances while maintaining clear boundaries regarding behaviors incompatible with alliance membership. Türkiye should develop explicit criteria for managing competing commitments, prioritize economic relationships with genuine complementarities while avoiding new dependencies, and prepare for scenarios where strategic ambiguity becomes untenable. BRICS should recognize that Turkish membership would fundamentally transform the organization and develop institutional mechanisms for managing increased diversity. The broader international community should embrace complexity in contemporary alignment patterns rather than forcing return to bipolar bloc politics.

Türkiye's strategic pivot ultimately embodies the central tensions of our era: between traditional alliances and emerging partnerships, between Western and non-Western governance models, between material interests and identity considerations, between strategic autonomy and alliance reliability. How these tensions resolve—in Türkiye's case and more broadly—will fundamentally shape the international system's evolution throughout the 21st century. The journey Türkiye has embarked upon offers valuable insights into both the possibilities and perils of navigating an increasingly complex and multipolar world, making it an essential case study for scholars, policymakers, and anyone seeking to understand the future trajectory of global politics.

## Appendices

### Appendix A: Chronology of Key Events

Year	Event	Significance
1952	Türkiye joins NATO	Solidifies Türkiye's alignment with the West
1987	Türkiye applies for full EEC membership	Demonstrates Türkiye's aspiration for European integration
2002	AKP comes to power in Türkiye	Marks the beginning of a new era in Turkish politics
2005	Türkiye begins EU accession negotiations	Represents peak of Türkiye's EU aspirations
2009	First BRIC summit held in Yekaterinburg, Russia	Formation of the BRIC group (without South Africa)
2010	South Africa joins BRIC, forming BRICS	Expansion of the group to include an African nation
2016	Failed coup attempt in Türkiye	Leads to increased tensions with Western allies
2017	Constitutional referendum establishes presidential system	Consolidates executive power enabling assertive foreign policy

Year	Event	Significance
2018	Türkiye expresses interest in joining BRICS	Signals potential shift in Türkiye's strategic orientation
2019	S-400 purchase from Russia completed	Creates major tensions with NATO allies
2022	Türkiye attends BRICS summit as guest	Further demonstrates Türkiye's interest in the group
2023	Türkiye formally applies for BRICS membership	Marks a potential watershed moment in Türkiye's foreign policy

## Appendix B: Economic Indicators

Indicator	Türkiye	BRICS Average	EU Average
GDP Growth Rate (2022)	5.6%	3.7%	3.4%
Inflation Rate (2022)	72.3%	5.8%	8.1%
Unemployment Rate (2022)	10.8%	7.2%	6.2%
Foreign Direct Investment (% of GDP, 2022)	1.2%	2.3%	3.5%
External Debt (% of GDP, 2022)	56.7%	32.4%	90.3%
Trade Balance (% of GDP, 2022)	-5.9%	1.8%	2.7%

Note: Data sources include World Bank, IMF, and national statistical offices. BRICS average excludes Türkiye.

## Appendix C: Comparative Analysis of Türkiye's Trade Relations

Partner	Exports (% of Total, 2022)	Imports (% of Total, 2022)	Trade Balance (Billion USD, 2022)
EU	41.3%	32.8%	-7.2
BRICS	8.7%	23.5%	-34.6
USA	6.1%	5.4%	+0.9
Middle East	18.2%	10.1%	+15.3
Other	25.7%	28.2%	-11.4

Source: Turkish Statistical Institute, 2023.

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# Proposing an Analytical Framework for Impact-Analysed Integrated Urban Planning in Support of Sustainable Development and Social Progress in South Africa

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## Abstract

The Integrated Development Planning (IDP) process is intended to be more than a legislative requirement; it is designed as a tool to measure the outcome and impact of development initiatives. However, development and social indicators are currently lacking in measuring the sustainable and long-run implications for growth, development, and social progress. The paper proposes a methodological approach comprising (1) the identification and development of relevant development and social progress metrics and (2) the development of an analytical framework capturing the integrated complexities of the urban planning environment. In follow-up research, the framework and set of indicators will be expanded into a quantifiable and analytical tool, allowing for customised and empirical impact assessments on the urban level. This paper develops a structured and methodological approach to support evidence-based integrated development planning and implementation by local government in South Africa.

**Keywords:** Integrated Development Planning, Systems Approach, Development Framework, Objective Criteria, Urban Development metrics.

## 1. Background

Urban regions are the engines of the 21st-century global economy. Generating an estimated 80% of global GDP and now home to 56% of the world's population, their significance is undeniable (Medeiros & Van der Zwet, 2020). Projections indicate that by 2050, seven out of every ten people will live in a city. Despite this rapid expansion, urban regions continue to grapple with chronic issues such as poverty, segregation, inequality, unemployment, and environmental degradation (McCann, 2015). The World Bank (2023) suggests that managing urbanisation effectively is key to sustainable development, as it can unlock greater efficiency, innovation, and social progress. This research proposes that such a vision can be realised globally through integrated urban development and data-driven planning, leading to improved living conditions, reduced inequality, and a more sustainable environment.

The concept of "integrated development" emerged in the late 1980s as a systematic strategy aiming to concurrently achieve economic growth, environmental sustainability, and social equity (WCED, 1987; Koshkalda et al., 2023). The Leipzig Charter on Sustainable European Cities (2007) further refines this, defining integrated urban development as the harmonisation of the geographical, sectoral, and

temporal dimensions of urban policy. Ferry et al. (2018) elaborated that for an integrated policy to be effective, it must operate on three levels: a strategic level to improve synergies within policy frameworks, a monetary level to combine diverse financing sources for place-based initiatives, and an operational level to execute integrated actions on the ground.

However, the concept of integrated development is both complex and contentious, primarily because it acknowledges the inherent interdependence and necessary trade-offs among social, environmental, and economic factors. The fundamental challenge lies in striking a balance between these pillars of sustainability at various scales to create the most effective strategy for a specific context (Van der Walddt et al., 2018). Successfully managing development across multiple territorial levels and among diverse stakeholders requires both multi-level governance and a place-based approach (European Commission, 2020). Consequently, the process is often slow and iterative, necessitating continuous learning and adaptation to achieve desired outcomes (UNDP, 2022).

A strong consensus among academics and policymakers holds that objective indicators are required to measure the performance of these complex processes and to distinguish success from failure (Davis et al., 2012; Kelley & Simmons, 2015; Babri, 2023). Yet, because integrated planning is multifaceted, decentralised, and context-specific, a uniform, objective method for measuring its impact remains elusive, and implementation is frequently subjective (ESPON, 2018). Consequently, much of the existing research on integrated development planning focuses on its contributions to institutional and governance frameworks rather than its direct effectiveness in fostering sustainability and social advancement (Oranje, M, & Van Huyssteen, 2011). This gap highlights the need for new instruments, such as a robust analytical framework, to assess progress toward these critical goals.

This research aims to address this methodological gap by proposing a framework for integrated development planning geared towards long-term sustainability and societal advancement. This framework advocates for a comprehensive, cross-sectoral, multi-level governance plan that spans numerous policy domains to better integrate diverse financing sources and implement a results-driven approach. A key outcome will be a comprehensive monitoring and assessment mechanism to promote long-term development and social improvement. Given the localised nature of integrated development planning, this paper will focus on South Africa as a case study.

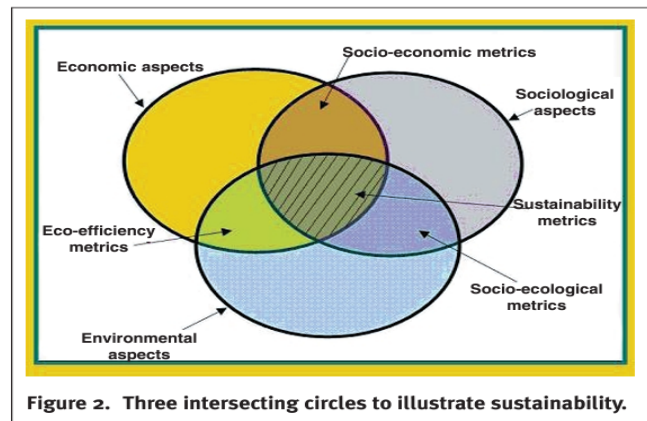
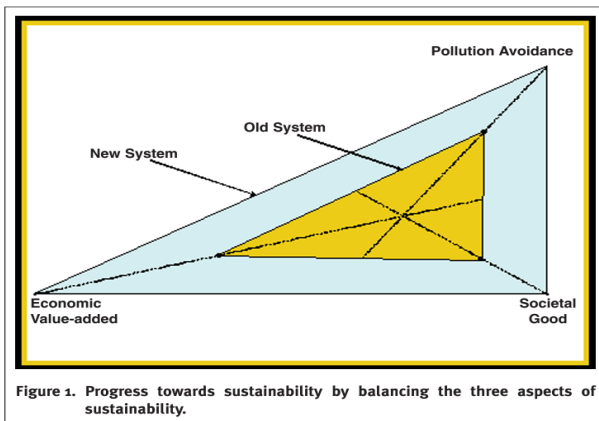
The study begins by briefly reviewing the relationship between integrated and sustainable development. It then highlights South Africa's efforts in integrated development, followed by the proposed methodology to create a framework for measuring its impact. Finally, the paper will conclude and offer recommendations based on the findings.

## **2. Theoretical Foundations and Metrics for Sustainable City Planning**

For much of its history, urban planning operated under a modernist, top-down paradigm that emphasised centralised control and rigid spatial blueprints. However, the accelerated urbanisation of the last 50 years has increasingly exposed this model's profound shortcomings. Its bureaucratic inefficiencies, compartmentalised management, and disregard for local context led to significant failures, particularly within the complex environments of developing countries. Facing this crisis of relevance, urban planning began a necessary transition towards more flexible, integrated, and participatory methodologies. At the heart of this shift was the rise of sustainable development as a global imperative (Watson, 2009).

This new focus was cemented by pivotal global events, including the 1992 Earth Summit in Rio de Janeiro and the 2002 World Summit on Sustainable Development in Johannesburg. These summits brought sustainability into the mainstream policy discourse, laying the foundation for the

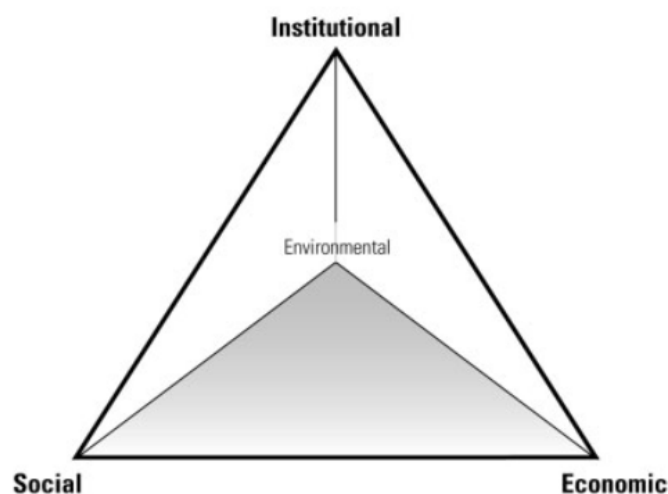
Millennium Development Goals (MDGs) and the subsequent Sustainable Development Goals (SDGs). In response, the United Nations began to advocate for decentralised, integrated planning models that were responsive to local socio-political conditions (Munzhedzi, 2020). This approach required planners to move beyond physical infrastructure and land use to incorporate a complex web of intersecting priorities. Effective planning now had to balance three core domains: environmental protection (ecosystem integrity), economic development (income and consumption), and social equity (well-being and justice), while also navigating local cultural, historical, and institutional dimensions (Maserumule, 2017; Villeneuve et al., 2017).



**Figure 1:** Triangle model of Sustainability. Source: Munasinghe, 1992, Intersecting Circle diagram on Sustainability, United et al., 2005).

The inherent complexity of balancing these goals created an urgent need for tools to measure and visualise progress. Early attempts produced influential but simple models. Munasinghe’s (1992) Triangle Model, for example, offered a one-dimensional way to track changes across the three pillars over time. A widely adopted evolution was the Three-Circle Diagram, which better illustrated the overlaps and potential synergies between the social, environmental, and economic domains (United et al., 2005). However, a significant critique of these early frameworks was their largely qualitative nature and the lack of quantifiable methods to track progress meaningfully (Hawken et al., 1999).

### The Four Dimensions of Sustainability



**Figure 2:** Prism of Sustainability. Source: Spangenberg, 2002.

Seeking to bridge the gap between these abstract models and institutional reality, Spangenberg (2002) introduced the Prism of Sustainability. This model incorporated a crucial fourth dimension: institutions. Spangenberg argued that governance structures, political decision-making, and societal norms fundamentally shape sustainability outcomes and cannot be ignored. While this was a conceptual leap forward, it introduced a new challenge: measuring institutional influence is inherently difficult, as political decisions have diffused, non-linear impacts that are hard to capture with simple indicators.

Ultimately, this evolution of thought highlights a persistent and critical gap in the field. Despite decades of work, no universally accepted methodology exists for assessing the integration of sustainability principles in urban areas (Koshkalda et al., 2023). Given that sustainability goals are mediated by diverse socio-political realities, universal metrics are difficult to apply uniformly (WCED, 1987; Kondepudi, 2014). This challenge is compounded by capacity constraints in many low- and middle-income countries, which hinder the consistent application of monitoring and evaluation systems (United Nations, 2023). This measurement gap limits the effectiveness of planning instruments like Integrated Development Plans (IDPs) and reinforces the need for new analytical frameworks. Recognising this, SDG Target 17.18 explicitly calls for increased statistical capacity in the Global South to ensure that sustainability data is disaggregated, timely, and reliable. The following section will explore the practical application of integrated development planning in South Africa, which forms part of the global South.

### **3. The South African Context to Integrated Planning**

By the early 1990s, it became evident that the modernist, top-down planning model of the apartheid regime had become obsolete in addressing South Africa's deeply fragmented spatial and social landscape. Urban planners and policymakers recognised the urgent need for a more inclusive, context-sensitive strategy to drive spatial and administrative restructuring (Harrison, 2016). In response, the Local Government Transition Act (Act 209 of 1993) introduced a shift toward integrated development, paving the way for the Integrated Development Plan (IDP) in 1994. The IDP was designed to foster intergovernmental cooperation across national, provincial, regional, and local spheres. It also aimed to promote rural-urban integration, encourage cross-class social interaction, and redress poverty and inequality through resource redistribution (Binns & Nell, 2002).

This paradigm shift was further entrenched by the 1996 Constitution of the Republic of South Africa (Act No. 108 of 1996), specifically Sections 151–153, which institutionalised decentralisation. These provisions mandated that national and provincial governments support and strengthen municipalities to manage their own affairs effectively. Section 151(1) emphasised the imperative for local governments to operate transparently, democratically, and in a developmentally oriented manner, prioritising sustainable service delivery and community engagement.

Building on these constitutional foundations, the 1998 White Paper on Local Government advanced the concept of "developmental local government," outlining four key pillars: (a) enhancing social and economic development, (b) promoting intersectoral integration and coordination, (c) democratizing development processes, and (d) cultivating adaptive and learning institutions (Department of Provincial and Local Government, 1998; Van der Walldt, 2018). These principles have since guided the structural and operational transformation of municipal governance in post-apartheid South Africa (Munzhedzi et al., 2022).

The formal implementation of this new system began with the 2000 local government elections, after which municipal boundaries were reconfigured to integrate formerly segregated administrations. This consolidation reduced 1,262 racially divided local authorities to 284 unified municipalities

(Jeeva & Cilliers, 2021). Despite the intent to redistribute resources equitably, insufficient data and limited knowledge about functional integration strategies posed significant challenges.

The Municipal Systems Act (Act 32 of 2000), particularly Section 35, provided a legal definition of IDPs as participatory planning processes that integrate sectoral strategies and allocate resources across geographic areas, sectors, and population groups. This integration was intended to foster sustainable development, equity, and community empowerment (Van der Waldt et al., 2018). Consistent with international planning standards, IDPs were required to identify development challenges, establish measurable objectives, and outline actionable implementation plans.

The Act also mandated that IDPs articulate a long-term vision aligned with municipal stakeholder priorities, linking financial and institutional resources to implementation strategies (Munzhedzi & Phago, 2020). However, the participatory nature of IDPs often led to fragmented or competing demands, which were not consistently guided by clear, evidence-based indicators (Parnell & Poyser, 2020). To address this, the Department of Planning, Monitoring, and Evaluation (DPLG, 2000) introduced frameworks for public participation, but these lacked quantifiable metrics, making it difficult to assess the integrity or impact of implementation efforts.

A 2021 study by Marais, Human, and Botes found that development indicators were inconsistently applied across municipalities, resulting in significant variation in the quality and utility of IDP content. While some municipalities employed robust statistical analysis, others relied on anecdotal or outdated information. Compounding this issue, the National Development Plan (NDP): Vision 2030, despite a 74% alignment with the United Nations Sustainable Development Goals (SDGs), lacked a structured implementation framework to coordinate priorities such as poverty reduction, job creation, and inclusive economic growth. The Medium-Term Strategic Framework (MTSF) was introduced to fill this gap, yet it remains poorly aligned with provincial and municipal planning instruments such as the Provincial Growth and Development Strategy (PGDS) and IDPs (Geyer, 2006).

This misalignment has weakened the coherence and long-term adaptability of development planning across government spheres. As a result, the effectiveness of IDPs remains largely unverified (Valeta & Walton, 2008), reinforcing the need for measurable and objective indicators to assess performance, ensure accountability, and track progress toward sustainable outcomes (Marais et al., 2021).

The urgency of reform is further underscored by recent performance audits. In 2023, Zeeman reported that 229 of South Africa's 257 municipalities (89.1%) were deemed dysfunctional. The Auditor-General's 2022 report revealed material irregularities totalling R3.9 billion during the 2021–22 financial year, with R1.6 billion directly linked to governance failures (Lekabe, 2023). The financial viability of nearly 28% of municipalities was in such jeopardy that their ability to continue operations was in serious doubt (Auditor-General of South Africa, 2018).

According to Deputy President Paul Mashatile (2023), municipal failures stem from poor governance, inadequate institutional capacity, mismanagement of finances, and persistent political instability, all of which erode service delivery and public trust. These systemic issues suggest that the conceptual soundness of IDPs is often undermined by implementation deficiencies (Munzhedzi, Phago & Mubangizi, 2022).

Municipal practitioners cite a range of barriers, including limited access to data, insufficient technical skills, inadequate assessment frameworks, weak research support, political interference, and constrained financial resources (Marais et al., 2021; Valeta & Walton, 2008). Recommendations for addressing these challenges include improving participatory mechanisms, enhancing fiscal discipline

(especially regarding the Municipal Infrastructure Grant), fostering stronger interdepartmental coordination, and reinforcing feedback loops between planning and implementation.

While existing literature successfully identifies the need for integrated development and documents its failures in South Africa, significant gaps remain. Conceptually, there is a need for frameworks that move beyond identifying trade-offs to providing practical mechanisms for their resolution. Methodologically, the literature lacks dynamic models that link the quality of governance processes, like public participation, to tangible sustainability outcomes. Finally, in the South African context, there is a clear gap in providing municipalities with a replicable process to overcome the well-documented misalignment between local, provincial, and national plans. This research addresses these gaps by proposing a robust analytical framework that is not only a measurement tool but also a procedural guide for achieving genuine, data-driven, and vertically aligned integrated development. The following section will briefly discuss the methodology and findings of the study.

#### **4. Methodology**

This research proposes an analytical systems approach to urban planning, thereby integrating the spheres of sustainable development, i.e., economic, social, and environmental. The methodology incorporates the municipality's national, institutional, and development realities.

The objective is to enhance urban planning through dynamic, econometric-modelled impact analysis of the municipality's financial, capital, and strategic decisions. To achieve this, a sustainable development impact module (SIM) is developed as an interface with the suite of models. The SIM generates impact values of the development projects in terms of a set of economic, socio-economic, and environmental indicators for the municipality and a selection of key sub-regions and/or wards.

The impact indicators are part of a comprehensive framework that incorporates important planning considerations, including mayoral and policy priorities. This integration fosters interactive, participatory, and evidence-based decision-making within the municipality and district. To facilitate this process, the framework features a flexible and customisable weighting interface. By deliberately selecting weights, decision-makers and policymakers are provided the opportunity to align their municipal and policy priorities with the empirical results produced by the SIM.

#### **5. Operationalising the analytical planning framework.**

Given the complexity and the planning environment, a customised suite of econometric models is applied to populate a forward-looking, multi-dimensional and space-oriented analytical framework for assessing planning scenarios' dynamic and integrated impact in the long run. These models are developed to represent the unique structure and characteristics of the South African economy – qualitative and quantitative – and to capture and quantify the driving micro-macro linkages. The fundamental principle is to follow an integrated and multi-dimensional approach in quantifying the structural characteristics, specifically the planning environment's pricing structure, productive capacity, and structural impediments.

The objective is to provide constructive and evidence-based guidance for sustainable development planning. Figure 4 depicts a flow diagram of the main modelling framework's characteristics, including the interrelated decision-making behaviour between households, labour, industry, business, finance, government, and global role players. It furthermore captures the socio-economic profile and allows for the impact of exogenous shocks such as geopolitical conflict, extreme weather phenomena, and labour actions.

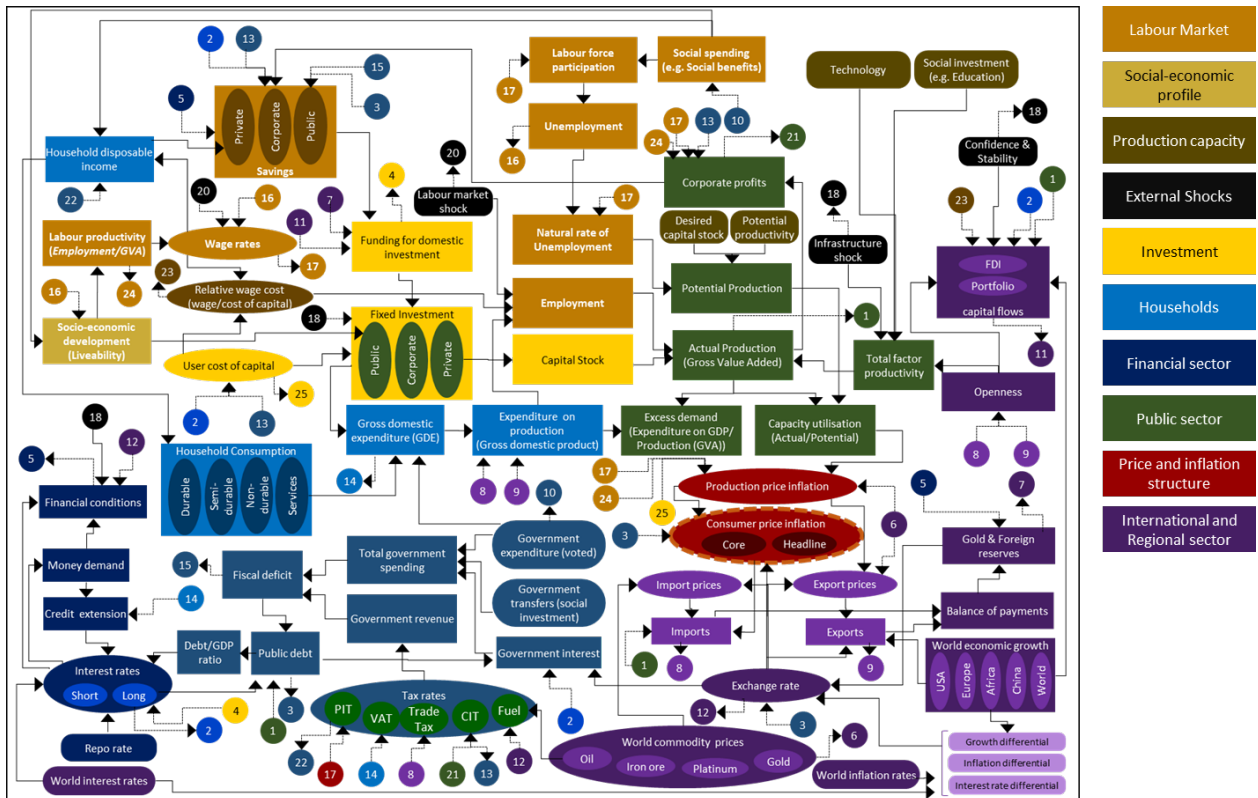


Figure 4: Flow diagram of the core modelling structure. Source: Author.

The modelling framework comprises the dynamic integration of a system of models. The basis of the system is a country-specific, macro-econometric model that combines the national, regional, and international realities (Figure 5). The core model is dynamically integrated with an industry model and a set of space-specific, disaggregated models.

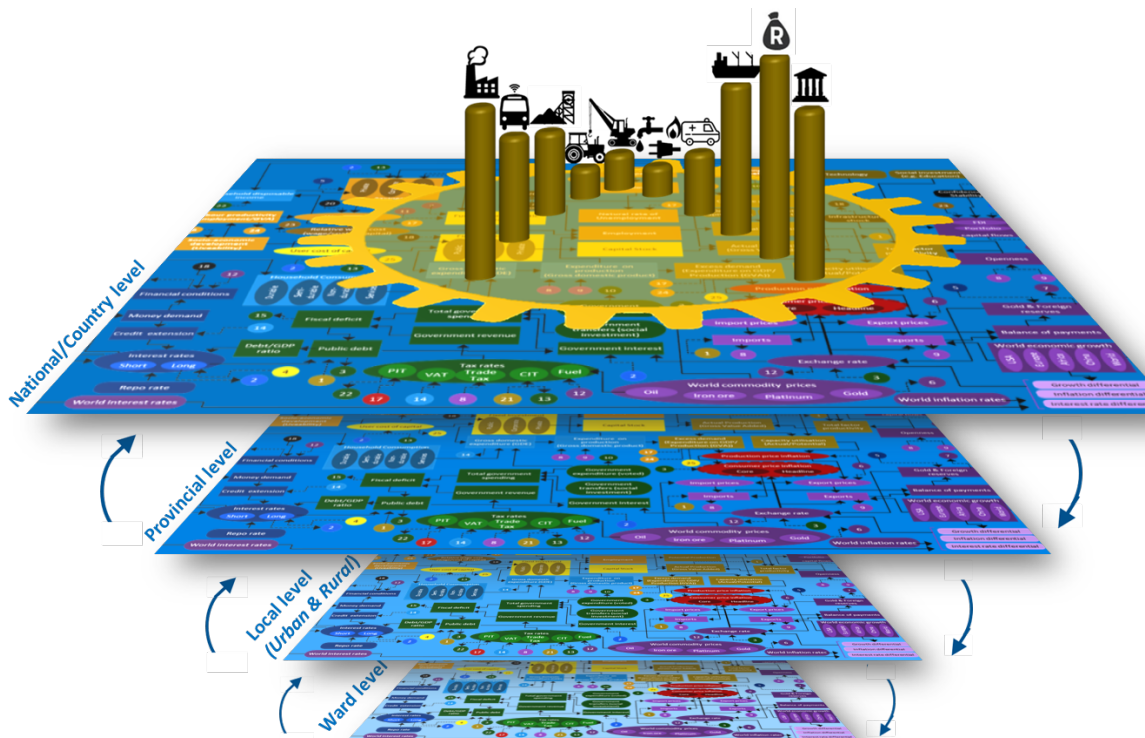


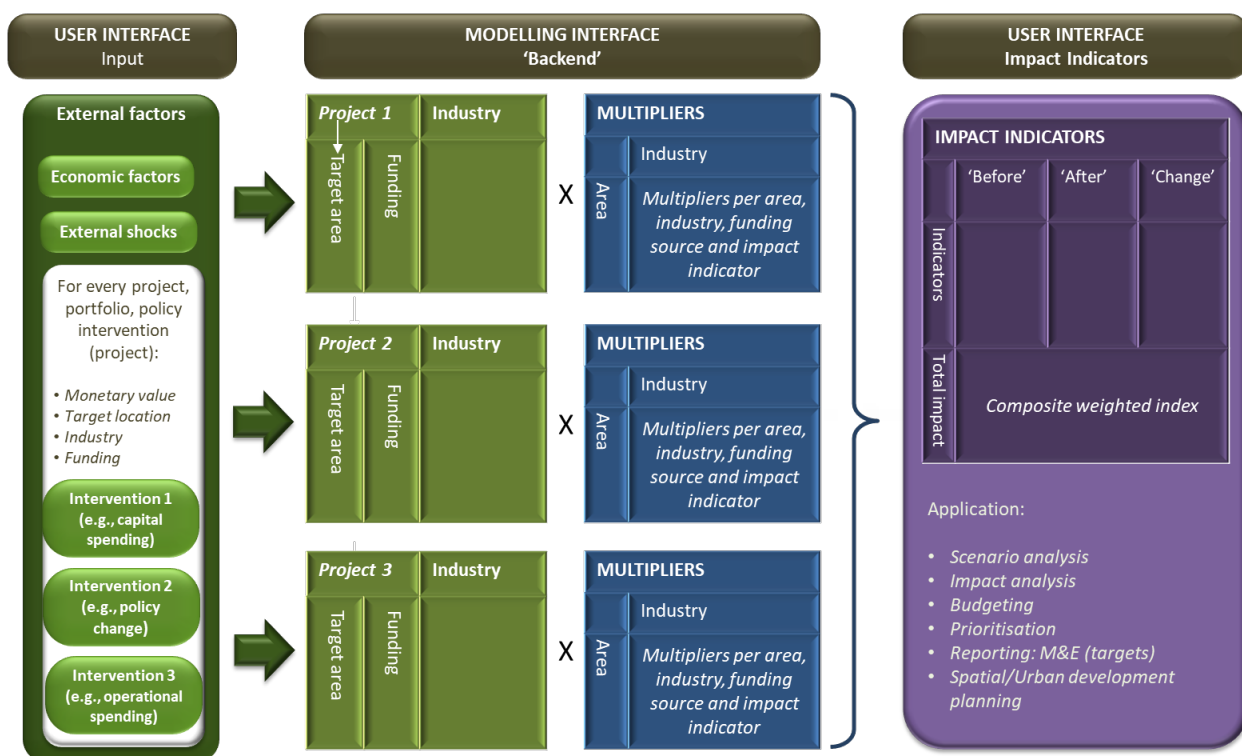
Figure 5: An integrated suite of space-specific, disaggregated models. Source: Author.

The suite of models is applied to generate an interrelated system of quantified economic multipliers that form the empirical interface with the sustainable development impact module (SIM).

An economic multiplier may be interpreted as a single value representing the full iterative, multi-dimensional and dynamic impact on an economy due to an initial intervention. These multipliers (system multipliers) are unique because they have been generated by a comprehensive and dynamic macro-econometric modelling process. Therefore, they capture all the iterative feedback effects over time between all economic agents within the structural and institutional characteristics of the modelled economy.

The system multipliers are estimated by submitting the interlinked macro- and industry models to a range of selected impact scenario simulations and calculating the net change on the response indicators of interest in terms of the system’s exogenous or ‘shocked’ indicators.

Subsequently, the multipliers are mapped onto the municipality’s spatial decomposition within the provincial and national context and integrated with a space-specific sustainable development impact module (SIM) as the empirical core and interface with the suite of models (Figure 6).



**Figure 6:** The Sustainable Development Impact Module – SIM. Source: Author.

The SIM may be integrated into existing digitised municipal planning systems or be developed into an independent, standalone simulator tool with a direct user interface capability. Irrespective of the operational interface, the SIM extracts input data from existing systems or allows users to provide inputs regarding the monetary value of selected interventions, such as capital infrastructure investment, operational expenditure, funding, and policy changes. The SIM also allows users to run various scenarios given expectations and/or the likelihood of external factors such as economic factors and external shocks. As such, the SIM is dynamic and considers the indirect, municipal-wide impacts of projects and interventions.

The SIM produces a set of singular, quantified numbers (impact indicators) capturing the consolidated and integrated impact responses to the interventions within the dynamic planning environment, which is represented through the suite of interlinked models. The impact indicators have strong analytical power since they break down the structural composition, causes, and effects throughout the economy under investigation.

The individual impact indicators are incorporated to construct a composite weighted index to provide a more comprehensive and holistic representation of the sustainable development impact.

Given the systems approach to developing SIM impact indicators, they are unique from those produced by static and singular-dimensional frameworks and methodologies such as Input-Output tables (I-O) and Social Accounting Matrices (SAM).

Furthermore, the SIM methodology allows for long-run, forward-looking analysis; provides contextual, i.e., system-wide analysis; historical performance insights ('before', 'after' and 'net change'); spatially integrated and industry-specific analysis.

## 6. Data Analysis

The SIM relies on the data from the projects and interventions, and economic, socio-economic, and environmental data from other sources. The back-end econometric modelling and the subsequent outputs are conducted and presented at a project-specific geographical level (applying official demarcated policy documents and data) and for the municipality and/or district.

All data are obtained from official sources, notably Statistics South Africa. The following South African statistical publications form part of the modelling and SIM database:

- Quarterly Labour Force Surveys (various)
- Latest Census statistics
- General Household Surveys (various)
- Quarterly Gross Domestic Product (various)
- Industry surveys
- Community surveys
- Quarterly financial statistics of municipalities
- International Energy Survey
- Environmental statistics and surveys
- Sustainable development indicators

The selection of sustainable development indicators must be relevant and representative of the national and urban context, in this case, South Africa. As such, the choice of impact indicators for planning purposes needs to take into consideration (1) the relevant national and other applicable policy objectives, (2) the relevant international standard for measurement of sustainable development, and (3) the interdependency with the system, both for each of the individual indicators and composite indices. (South Africa SDG country report, 2023)

Applying these principles to local government implies prior knowledge of the municipality's economic, development, and environmental profiles. The proposed systems methodology allows

for the scalability of reporting impact indicators representing different spatial constructs or sub-regions, e.g., ward level.

A set of appropriate, measurable, and representative indicators is selected according to the principles outlined in the previous sections. This set of indicators is to be customised to align with (1) the population's development and socio-economic profile, (2) the purpose of the analysis, and (3) the availability of quality data by including or excluding specific indicators (phenomena).

In this research, the following impact indicators and indices are generated as a minimum representative reporting structure:

**Table 1:** Sustainable impact indicators and indices

Sustainable Development Category	Indicators and Indices	Sub-indices/indicators	National	Urban
Economic impact	Weighted Economic Impact Index	Economic activity (Gross Domestic Product – GDP): industry-specific	X	X
		Domestic investment (Capital formation): industry-specific	X	X
		Employment: industry-specific	X	X
		Trade and Balance of Payments (Current account deficit as a percentage of GDP)	X	
		Fiscal deficit as a percentage of GDP	X	X
		Corporate profits	X	
Development impact	Labor productivity Unemployment rate (expanded) Job creation Equality	Labor productivity	X	X
		Unemployment rate (expanded)	X	X
		Job creation	X	X
		Income distribution (Gini coefficient)	X	X
	Liveability index	Poverty incidence	X	X
		Living conditions profile		X
		Travel conditions profile		X
		Income stress rate		X
	Poverty incidence	Disposable per capita income	X	X
		Potential savings rate (surplus income)	X	X
		Food expenditure ratio	X	X
		Housing expenditure ratio	X	X
	Travel conditions profile	Transport expenditure ratio	X	X
		Type of settlement (dwelling)		X
	Living conditions profile	Access to municipal services		X
		Access to amenities (health, education, and security)		X
		Travel conditions profile		X
	Travel conditions profile	Travel distance and time		X
Travel reliability			X	
Travel safety and security			X	
Income stress rate	Employment dependency ratio per household	X	X	

Sustainable Development Category	Indicators and Indices	Sub-indices/indicators	National	Urban
Environmental impact	Environmental impact index	Carbon emissions	X	X
		Energy efficiency/intensity		X
		Waste management efficiency		X
		Water quality		X
		Water resources and availability		X

Source: Author

## 6.1 Index weighting

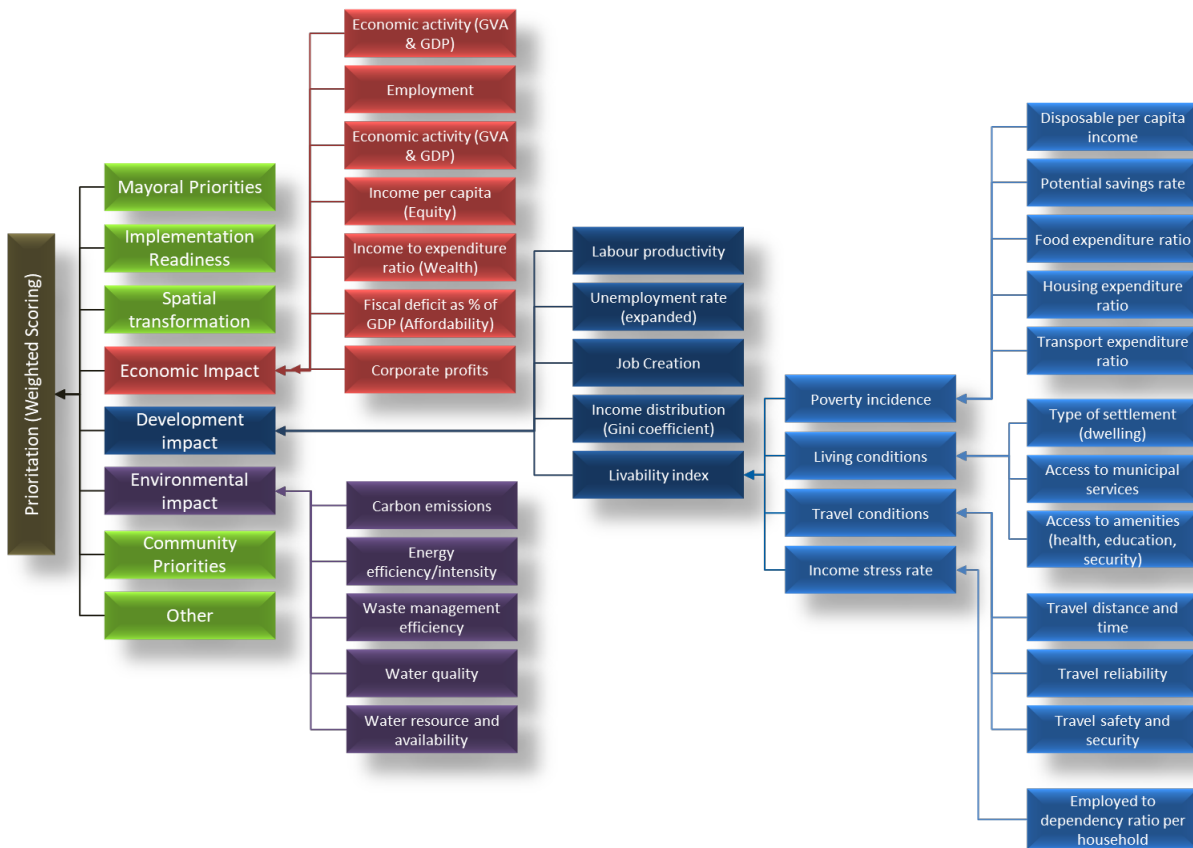
In this study, we adopt a transparent and methodologically straightforward approach by implementing an equal weighting scheme for our selected indices. While more complex methodologies—such as principal component analysis or factor analysis (Delchambre, 2014), regression-based weighting (Becker et al., 2017), and data envelopment analysis (Pourhabib Yekta et al., 2018)—can facilitate the derivation of statistically sophisticated allocations, they often entail intricate technical complexities and assumptions that are contextually specific.

Moreover, expert- and stakeholder-driven approaches, such as budget allocation (Greco, 2018), the analytic hierarchy process (Saaty, 1980), and conjoint analysis (Green et al., 1978), offer valuable insights that strive to balance subjective judgments with empirical rigour; however, these methods may inadvertently introduce normative biases that obscure objectivity.

In contrast, the adoption of an equal weighting scheme engenders a clear and impartial framework, whereby no single indicator is afforded undue preference absent a compelling rationale. This methodological choice is congruent with our commitment to clarity and accessibility in research practices, rendering the implementation of an equal weighting scheme not only valid but particularly appropriate for the objectives of our analysis.

## 6.2 Interactive and participative planning

The SIM impact indicators are incorporated into a weighted planning prioritisation framework to facilitate interactive and participative planning based on scientifically generated evidence. These interface weights are selected by decision-makers to align the empirical results of the SIM with the municipality's planning priorities. Figure 7 indicates a set of baseline decision-making criteria that may be included in the prioritisation framework. This quantified planning framework enables comparative analysis and planning by calculating a single number or score for each project, portfolio of projects, and policy intervention under consideration.



**Figure 7:** The Planning Prioritisation Framework. Source: Author.

## 7. Case Study Application: Impact Assessment of the 2024 Gauteng Provincial Budget on the City of Johannesburg

This section demonstrates the empirical application of the Social Impact Module (SIM) through a comprehensive assessment of the 2024 Gauteng Provincial Budget’s economic and socio-economic effects on the City of Johannesburg (CoJ). The case study serves to validate the SIM’s analytical capabilities whilst providing substantive insights into the transmission mechanisms of provincial fiscal policy at the municipal level.

### 7.1 Approach

#### *Data Sources and Budget Disaggregation*

The analysis utilises the 2024 Gauteng Provincial Budget as published by the Gauteng Provincial Government (2024). The provincial budget totals R168.15 billion, comprising national transfers (92.7%), provincial own revenue (4.8%), and provincial financing (2.6%). Table 2 presents the funding structure.

Functional expenditure allocation reveals the sectoral distribution of provincial resources, with education (39.7%) and health (39.1%) commanding the largest shares, followed by roads and transport (5.7%) and human settlements (3.5%). Table 3 details the functional spending breakdown.

**Table 2:** Gauteng Provincial Budget 2024/25 Funding Sources

Funding Source	Amount (R billion)	Share (%)
National Treasury: Equitable Share & Conditional Grants	155.883	92.7
Gauteng Provincial Treasury: Own Revenue	8.008	4.8
Provincial Financing: Loans	4.351	2.6
Less: Direct Charges	(0.089)	(0.1)
<b>Total</b>	<b>168.153</b>	<b>100.0</b>

Source: Gauteng Provincial Government (2024)

**Table 3:** Gauteng Provincial Budget 2024/25 Functional Spending

Function	Amount (R billion)	Share (%)
Education	65.843	39.7
Health	64.837	39.1
Roads and Transport	9.433	5.7
Human Settlements	5.767	3.5
Other	19.932	12.0
Total	165.812	100.0

Source: Gauteng Provincial Government (2024)

### *SIM Calibration and Impact Measurement*

The SIM was calibrated specifically for the CoJ using the proportionate spending allocations derived from the provincial budget. The model employs six key performance indicators to capture multi-dimensional impacts:

- 1. Gross Value Added (GVA) Impact:** Measures productive output generation per rand injected
- 2. Gross Domestic Product (GDP) Impact:** Captures total income and expenditure effects
- 3. Employment Creation:** Quantifies job generation per million-rand investment
- 4. Additional Household Income:** Measures household income distribution effects
- 5. Household Excess Income:** Assesses savings potential and wealth accumulation capacity
- 6. Municipal Fiscal Impact:** Evaluates local government revenue and expenditure changes

### *Composite Index Construction*

The composite impact index employs min-max normalisation to standardise indicators across different scales, followed by equal weighting to avoid bias towards specific dimensions. The mathematical formulation is:

#### **Normalisation:**

#### **Composite Index:**

Where  $N_i$  Represents the normalised value for the indicator  $i$  is the raw value, and  $n$  equals the number of indicators (6).

## 7.2 Empirical Results

### *Impact Metrics*

The SIM analysis yields the following empirical results for the 2024 GPB impact on the CoJ:

**Table 4:** SIM Impact Assessment Results

Indicator	SIM Value	Normalised Value	Weighted Contribution
GVA Impact	1.69	0.041	0.007
GDP Impact	2.40	0.063	0.011
New Jobs (per R1m)	20.2	0.625	0.104
Additional Income per Household	R32.1	1.000	0.167
Household Excess Income	R1.4	0.032	0.005
Municipal Fiscal Impact	R0.4	0.000	0.000
Composite Impact Index	-	-	0.293

Note: Normalisation range: 0.4 (minimum) to 32.1 (maximum)

The composite impact index of 0.293 (29.3%) indicates moderate overall effectiveness of the provincial budget injection into the CoJ economy.

### *Economic Multiplier Analysis*

The empirical results suggest several noteworthy dynamics in terms of growth, employment, household welfare, and fiscal outcomes. The production or GVA impact multiplier of 1.69 indicates reasonable supply-side efficiency in converting public expenditure into productive activity. The GDP impact multiplier of 2.40, with the income multiplier exceeding the output multiplier by 0.71, highlights significant induced consumption effects. This indicates that the intervention not only stimulates direct production but also generates robust secondary demand, consistent with Keynesian expectations of multiplier effects in economies with underutilised capacity. The GDP-to-GVA ratio of 1.42 further reinforces the strength of these secondary effects, pointing to intensified rounds of spending and circulation within the local economy. Taken together, these findings confirm the effectiveness of demand-side stimulation in promoting broad-based economic activity.

The outcomes in the labour market are noteworthy. The generation of 20.2 jobs for every million rand invested reflects a significant demand for the workforce. However, while these figures indicate an increase in employment opportunities, structural rigidities and skills mismatches may prevent this from translating into actual jobs. As a result, this could limit the reduction of structural unemployment and hinder inclusive growth.

Household welfare indicators, however, present a more nuanced picture. While an additional household income of R32.1 per million rand points to direct poverty alleviation through improved disposable resources, the finding of household excess income at only R1.4 per million rand reveals critically limited capacity for wealth accumulation. The implied savings rate of just 4.4% suggests that households consume nearly all additional income received, reflecting high levels of precarity and immediate consumption needs. This highlights a vulnerability whereby short-term welfare improvements are unlikely to translate into longer-term household asset building or resilience.

At the municipal level, the fiscal effects appear marginal. An incremental revenue gain of R0.4 per million-rand injection suggests that the scale of municipal revenue enhancement lags behind the broader economic activity generated. While the local economy benefits through multiplier effects, the limited fiscal capture raises important sustainability concerns regarding the ability of local government to expand service delivery in line with rising demand. This weak fiscal feedback loop underscores the necessity of complementary reforms in municipal finance to ensure that the developmental dividends of investment are not undermined by fiscal constraints.

### 7.3 Analysis and Discussion

The empirical analysis highlights the multiple channels through which provincial spending transmits into the local economy and the structural patterns that shape these outcomes. The results demonstrate clear evidence of primary, secondary, and tertiary effects. At the primary level, provincial spending directly stimulates productive sectors, activating supply chains and production networks across the City of Johannesburg (CoJ) economy. These productive linkages are reinforced by secondary effects, as shown by the higher GDP multiplier relative to the GVA multiplier, which reflects significant induced consumption. Income recipients re-spend their earnings locally, thereby extending the reach of the initial fiscal injection into wider cycles of economic activity. However, tertiary effects remain weak: household savings are limited, and municipal fiscal gains are negligible, suggesting that while immediate benefits are achieved, the capacity for longer-term wealth accumulation and institutional strengthening remains constrained.

The results also reveal structural features consistent with consumption-led stimulus patterns typical of developing economy contexts. The exceptionally high household propensity to consume—95.6% of additional income—is channelled primarily towards basic needs rather than discretionary expenditure or investment, reinforcing the view that the intervention alleviates poverty but does not substantially shift household asset trajectories. Although the positive output multipliers confirm productive stimulus, the relatively modest GVA impact indicates limited structural transformation, with little evidence of productivity enhancement or sectoral upgrading. The muted fiscal response further underscores these structural constraints: despite the generation of significant economic activity, municipal revenue capture remains marginal. This outcome points to either weak tax administration capacity or the continued predominance of informal economic activity that escapes the fiscal net.

From a policy perspective, the findings provide valuable insights into the dynamics of fiscal federalism in South Africa's metropolitan economies. The composite index score of 29.3% illustrates the difficulty of translating provincial spending into durable local economic development outcomes.

While provincial budgets appear effective in stimulating demand for jobs, they do not address deeper structural challenges. The observed "employment-demand but savings-poor" pattern of results reflects a double-edged outcome: provincial spending has the potential to contribute to immediate poverty alleviation and labour market absorption but fails to generate the household asset accumulation or municipal fiscal capacity necessary for sustained development. This signals the need for complementary policy interventions that go beyond short-term consumption stimulation to address the institutional, structural, and productivity-related barriers that limit the transformative potential of public spending.

### 7.4 Case Study Conclusion

The SIM application to the 2024 Gauteng Provincial Budget demonstrates the model's capacity to provide a comprehensive multi-dimensional impact assessment. The empirical results reveal

a consumption-driven stimulus pattern with strong short-term effects but limited structural transformation capacity. The moderate composite impact index (29.3%) reflects typical challenges of provincial fiscal policy in addressing complex urban development challenges.

The case study validates the SIM's analytical utility whilst highlighting the complexity of translating public spending into sustainable economic development. The findings contribute empirical evidence to debates regarding the effectiveness of fiscal federalism in South African metropolitan contexts and demonstrate the importance of multi-dimensional impact assessment in evaluating development interventions.

Future applications of the SIM framework should incorporate dynamic elements and quality dimensions to enhance policy relevance and analytical depth. The methodology provides a robust foundation for evidence-based fiscal policy evaluation that can inform more effective intergovernmental fiscal arrangements and development planning processes.

## 8. Methodological Constraints and Prerequisites for Successful Implementation

### 8.1 Methodological Constraints

The proposed analytical framework offers significant potential for evidence-based urban planning, yet its application is bounded by methodological, data, and governance constraints. Methodologically, the reliance on a dynamic macro-econometric model enables sophisticated multiplier analysis but creates strong dependencies on high-quality time-series data for calibration and validation. The framework is sensitive to structural breaks caused by shocks, reforms, or policy shifts, which may undermine parameter stability. Spatial downscaling introduces further uncertainties, as local heterogeneity is often insufficiently captured by broader econometric relationships. Moreover, while inter-sectoral integration enhances comprehensiveness, it complicates causal identification and risks oversimplification through equal weighting of evolving sustainability trade-offs.

Data-related challenges further constrain effectiveness. Variability in the quality, timeliness, and coverage of municipal datasets, combined with reliance on proxy indicators for complex socio-environmental phenomena, weakens assessment validity. In addition, limited historical data—particularly for social and environmental indicators—hampers the framework's ability to separate intervention effects from broader structural trends, raising the likelihood of attribution errors.

Institutional and governance factors present equally significant limitations. The framework demands advanced technical expertise in econometrics, spatial modelling, and systems thinking, capacities that many municipalities lack. This creates reliance on external consultants and risks undermining long-term institutional sustainability. Furthermore, evidence-based planning often collides with political cycles that favour short-term priorities over long-term development objectives. Finally, effective implementation assumes robust intergovernmental coordination and integrated planning capacity—conditions often undermined by fragmented governance, competing mandates, and resource constraints.

### 8.2 Prerequisites for Successful Implementation

The successful implementation of the proposed analytical framework depends on a set of technical, institutional, and stakeholder engagement prerequisites that extend well beyond conventional municipal planning requirements. At the technical level, municipalities must establish robust data management systems capable of integrating diverse datasets from multiple sources in real or near-real time. This necessitates investments in compatible information systems, standardised

protocols, and quality assurance mechanisms, as well as formalised data-sharing agreements with provincial and national agencies, private partners, and research institutions. Equally important is the development of advanced analytical capacity. The framework's reliance on dynamic macro-econometric modelling requires expertise in econometric estimation, time-series analysis, and system-wide multiplier interpretation—skills that are typically scarce in municipal administrations. Addressing this gap demands either significant investment in in-house technical capacity or long-term partnerships with universities and specialised research organisations. Furthermore, adequate computing infrastructure, including modern hardware, software licenses, and reliable connectivity, is essential to support the data processing and modelling demands of the system.

Institutional prerequisites are no less critical. Implementation requires sustained political leadership and commitment that transcends electoral cycles, supported by formal policy adoption, budget allocation, and alignment with existing planning processes. Political champions play a key role in articulating the framework's value and maintaining momentum during periods of institutional resistance. Organisational restructuring may also be necessary, as effective use of the framework relies on integrated, cross-sectoral coordination. This entails redefining departmental roles, communication channels, and decision-making processes to reflect a systems-oriented approach. Additionally, the framework's recommendations must be compatible with existing legal and regulatory provisions. Where conflicts arise, municipalities may need to pursue legislative amendments or adopt flexible interpretations that preserve compliance while enabling innovation.

Finally, successful implementation depends on active stakeholder engagement. Community participation mechanisms are crucial for ensuring legitimacy and relevance, allowing citizens to influence priority-setting, indicator selection, and interpretation of results. Inter-sectoral partnerships with the private sector, civil society, and academic institutions enhance analytical depth and resource mobilisation, but require formal agreements to clarify responsibilities and ensure sustained collaboration. Given the technical complexity of the framework, capacity building for non-technical stakeholders—including councillors, community representatives, and other participants—is essential. Training programmes, simplified communication materials, and participatory interpretation tools can help bridge the gap between sophisticated modelling outputs and accessible, actionable insights, thereby ensuring that the framework strengthens both technical analysis and democratic governance.

### 8.3 Critical Success Factors

The successful operationalisation of the proposed framework depends on a set of critical success factors that emphasise adaptive implementation, sustainability, and institutional integration. An adaptive approach is essential, beginning with phased implementation strategies that prioritise pilot applications in selected functional areas or sub-regions. Such a stepwise process enables iterative refinement, reduces the risks associated with large-scale roll-out, and gradually builds institutional confidence and technical capacity. Equally important is the establishment of continuous improvement mechanisms. Regular review cycles, structured stakeholder feedback, and periodic methodological updates ensure that the framework remains responsive to evolving policy priorities, changes in data availability, and lessons drawn from practical application. Flexibility and customisation further underpin success, as municipalities operate within highly diverse contexts. The framework must therefore strike a balance between standardisation—needed for comparability—and tailored adjustments that enhance local relevance and institutional usability.

Sustainability considerations are equally critical. Long-term application requires reliable financing mechanisms that extend beyond initial implementation costs to cover recurrent expenditures such as system maintenance, analytical updates, and ongoing capacity development. Innovative funding

arrangements, including blended municipal and external support, may be necessary to secure stability. Institutional memory and knowledge management are also vital, given the framework's technical complexity and vulnerability to staff turnover. Establishing formal systems to preserve methodological expertise ensures continuity and safeguards analytical capacity over time. Finally, integration with existing planning systems is essential. By complementing rather than displacing current municipal tools and processes, the framework reduces institutional resistance, enhances adoption, and maximises the value of existing investments in planning infrastructure. Together, these success factors underscore the importance of gradual, well-resourced, and context-sensitive implementation to ensure that the framework realises its full potential in guiding evidence-based urban development.

## 9. Conclusions

Despite decades of scholarly efforts, the complex relationship between sustainability and integration in urban planning has remained difficult to model effectively, largely due to the variability of local contexts and institutional capacities. These challenges have hindered the development of universal frameworks and limited the practical utility of integration metrics. This paper responds to these limitations by proposing a robust, systems-based framework for integrated development planning that advances both strategic foresight and operational capacity.

By embedding a Sustainable Development Impact Module (SIM) at its core, the framework enables municipalities to conduct dynamic, data-driven assessments of their financial, capital, and strategic decisions. Unlike traditional planning tools, the SIM fosters participatory, forward-looking planning by digitising and analysing complex interdependencies across economic, social, and environmental dimensions.

This approach not only addresses the critical capacity gaps in many urban governance contexts but also equips planners with actionable insights to guide sustainable development more effectively. As cities face mounting pressures from rapid urbanisation and climate change, this framework offers a scalable, adaptable tool for embedding long-term sustainability into the heart of urban decision-making. Future research and application can further refine this model, ensuring it evolves with the changing demands of urban development.

## Recommendations

To ensure the successful adoption, implementation, and institutionalisation of the proposed analytical systems-based urban planning framework, supported by the Sustainable Development Impact Module (SIM), several key recommendations are put forward.

Firstly, **institutional integration and policy alignment** should be prioritised. This involves embedding the SIM into existing municipal planning systems, such as Integrated Development Plans (IDPs) and Spatial Development Frameworks (SDFs). Framework indicators must be aligned with the National Development Plan (NDP), the Sustainable Development Goals (SDGs), and the District Development Model. Additionally, national policy and legislative backing should be secured to mandate the framework's use.

Secondly, **data systems must be strengthened and standardised**. This includes improving access to high-quality, spatially disaggregated data and standardising sustainable development indicators across municipalities. Real-time data feeds from national and municipal systems should be enabled to ensure responsiveness and relevance.

Thirdly, **technical and institutional capacity should be built**. Dedicated municipal planning units with expertise in modelling and data analysis should be established. Training programmes and user-friendly guidance should be provided to planners and stakeholders. Furthermore, interdisciplinary teams should be promoted to foster integrated and collaborative decision-making.

Fourth, **planning must become more participatory and evidence-based**. SIM outputs should support inclusive, transparent, and interactive planning processes. Interfaces should be tailored for different users, including municipal officials, councillors, and communities. There must also be clear linkages between SIM results and performance monitoring, as well as accountability systems.

Fifth, **scenario planning and risk analysis need to be incorporated**. The framework should include forward-looking scenarios that address shocks and uncertainties and integrate resilience and vulnerability indicators to support risk-sensitive urban planning.

Sixth, **a phased approach should be used to pilot and scale the framework**. Initial implementation should begin in selected pilot municipalities, where the framework can be tested and refined. A central innovation hub should be established to coordinate implementation and provide technical support. Based on these pilots, a scalable national roll-out plan should be developed.

Seventh, **sustainable financing and incentives must be secured**. Dedicated funding should be mobilised from national budgets and development partners. Grant allocations should be linked to evidence-based planning supported by SIM, and private sector involvement in data provision and investment planning should be encouraged.

Together, these recommendations provide a pathway for operationalising and institutionalising a transformative, impact-analysed urban planning approach in South Africa. By rooting the methodology in empirical, context-specific modelling, ensuring participatory and evidence-based planning, and aligning it with national policy priorities, the framework offers a robust platform for inclusive, sustainable, and adaptive urban development.

These recommendations support the operationalisation and institutionalisation of a transformative, impact-analysed urban planning approach in South Africa. By grounding the methodology in empirical, context-specific modelling, ensuring participatory, evidence-based planning, and aligning closely with national policy objectives, this framework offers a powerful platform for inclusive, sustainable, and adaptive urban development.

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# South Africa as an Investment Destination amid the Energy Crisis

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## Abstract

This paper examines the impact of load-shedding (energy crisis) and the performance of Special Economic Zones (SEZs) in South Africa, focusing on the experiences of the Coega Industrial Zone (IDZ). Despite their potential to attract Foreign Direct Investment (FDI) and foster economic growth in the country, SEZs have been plagued by unreliable electricity supply since 2008. This study analyses the consequences of load-shedding on SEZs, drawing on existing literature, Coega IDZ documents, reports, and newspaper articles from reputable sources. The findings reveal that load-shedding significantly hinders investor confidence, forcing businesses to contend with production losses, increased operational costs, and supply chain disruption. The study highlights how these challenges have resulted in a suspension of major investment projects, resulting in a loss of job creation and economic development. This research contributes to the under-researched literature on SEZs and FDI in Africa, emphasising how electricity supply, a key component of infrastructure and a critical pillar of competitiveness, can directly affect FDI and the country's global economic standing. The study underscores the urgent need for a sustainable solution to South Africa's energy crisis to unlock the full potential of its SEZs and foster inclusive economic growth.

**Keywords:** Load shedding, energy crisis, South Africa, Foreign Destination Investment, SEZs, Coega IDZ, SEZ Act, Development, Policy.

## Introduction

South Africa faces up to eight hours of electricity supply cuts daily, dubbed load shedding. The shortage of electricity supply started in the late 2000s; however, the hardest impact hit South Africa in 2022, whereby citizens endured over 15,000 hours of lights out (Cape Talk, 2022), forcing some to close, resulting in the loss of investment opportunities and economic success. Several studies from institutions supported this, with findings showing that the negative effects of lack of energy reliability (World Bank, 2020; The Institute of Independent Studies, 2008). According to the World Bank (2020), reliable energy is critical in ensuring increased levels of investment within a country. This is further supported by the reduced levels of productivity and funding due to the energy crisis, as reported by The Institute of Independent Studies (2008).

The formation of SEZs is supported by legislative policy, which provides a framework that outlines the statutory obligations and processes of all parties involved. The SEZ Act 16 of 2014 forecasts the key role of the government in export promotion and the creation of related infrastructure. Additionally, it provides a clear and predictable systemic planning framework for the development of a wider range of SEZs to support industrial policy objectives. Special Economic Zones (SEZs) are widely recognised for their potential to drive economic development, attract foreign direct

investment, expand trade, foster infrastructure development, job creation, skills development, and technological advancement. The existing research consistently highlights the fundamental role of SEZs in attracting foreign direct investment (FDI) and generating employment and economic growth (Farole and Akinci, 2011). The studies that explore the relationship between the electricity supply of a country and its ability to attract FDI left a gap; moreover, there remains a significant gap in research specifically examining the negative implications of load-shedding on SEZs and FDI attractiveness (Wentworth, 2014; Pollet, Staffell and Adamson, 2016).

This research addresses this gap by investigating the political and economic consequences of South Africa's electricity supply shortage on SEZs between 2008 and 2022. Utilising a single-case study approach of the Coega Industrial Development Zone (IDZ), the research analyses how the energy crisis has affected the zone's attractiveness to FDI. This analysis is relevant because it highlights SEZs' crucial role in fostering national development, promoting trade and investment, driving economic growth, enhancing infrastructure, and advancing employment, skills and technological capabilities. By examining the impact of South Africa's energy crisis on Coega IDZ, the research highlights the critical importance of a reliable energy supply in attracting FDI.

This study adopts a qualitative single-case study approach to examine the impact of South Africa's energy crisis, specifically load-shedding, on the Coega SEZ and its ability to attract foreign direct investment. This methodology is particularly relevant due to the scarcity of comprehensive quantitative data on the SEZ and FDI nexus and the interplay of factors influencing investment decisions. Yin (2014) highlights that case study research provides a rich, contextual understanding of complex phenomena, especially when data limitations hinder large-scale quantitative analysis. This approach allows for advanced exploration of how load-shedding interacts with other challenges Coega SEZ faces, shaping investor perceptions and policy responses. The study utilised primary and secondary sources, including academic journals, government and organisation reports, Coega Development Corporation documents, and reputable news articles, to uncover the implications of load-shedding on SEZs' attractiveness to FDI. Using a multi-source data collection approach ensures data triangulation and enhances the credibility and validity of findings.

However, the study acknowledges the limitations of a single-case study design, as findings may not be generalisable to other SEZs or contexts. To mitigate this, the research offers an in-depth contextual examination of the Coega SEZ and the broader energy landscape of South Africa. This allows for a nuanced comprehension of factors involved in conducting a contextual analysis of SEZs. Additionally, the study highlights potential areas for future research on investigating the relationship between energy security and FDI in diverse SEZ contexts.

The article begins with a comprehensive literature review exploring the broader context of SEZs and the specific characteristics of South Africa's SEZs. It then provides a background of the country's energy crisis and the resulting load-shedding, drawing on scholarly literature to examine the implications of power outages on FDI and the effectiveness of SEZs in attracting investment. The methodology section outlines the single case study approach employed to analyse Coega IDZ, encompassing its economic outlook, challenges, and the impact of load shedding on its ability to attract FDI. In addition, the section examines government policy responses to the energy crisis and assesses the effectiveness of the strategies used. Finally, the article concludes by summarising key findings and offering recommendations for future research.

### **SEZ Effectiveness and FDI Attractiveness: Review of Literature**

Assessing the effectiveness of SEZs requires understanding their intended goals and the development of relevant performance indicators. Farole (2011) provides a framework for this

assessment, focusing on the principal objectives driving SEZ establishment. These objectives include attracting FDI (Cheng, 2019), promoting exports, creating employment (Dobronogov & Farole, 2012), and fostering technology transfer, which vary depending on the economic and political context. However, Zeng (2022) points out that SEZ performance is not homogeneous but determined by a complex interplay of factors. A conducive legal and regulatory environment, effective zone-level governance, industrial infrastructure, strategic location and connectivity, skilled human resources, and access to a sizable market all contribute to the success of SEZs. Zeng (2022) further underscores the importance of reliable and efficient infrastructure, encompassing electric supply, water access, telecommunications, and transportation networks, for attracting investors and fostering economic activity within these zones. Deficiencies in these areas can significantly hinder the growth and attractiveness of SEZs, ultimately impacting their overall success.

Research has assessed the relationship between SEZs and FDI outcomes. For instance, Chakraborty, Gundimeda, and Kathuria's (2017) study on the impact of SEZ policies on FDI inflows in Indian states found that the SEZ policy induced more FDI flows. Likewise, Graham (2004) found that SEZs were a necessary first step in China's emergence as the largest developing nation for FDI, especially during the late 1980s. Wang (2013) measured the impact of SEZs on FDI by exploring the difference in the timing of creating SEZs in various municipalities in China. The findings revealed that the SEZs had an overall positive effect on FDI. Introducing an SEZ significantly raised FDI by 21.7% per capita on average. The study also found that the FDI growth rate increased by 6.9 percentage points (Wang, 2013).

The performance of SEZs in Africa presents mixed results, revealing both potential and persistent challenges. While intended to attract investment and stimulate economic growth, SEZs often struggle to achieve these objectives due to a complex interplay of factors. Farole (2011) examined case studies from firm-level surveys across six African countries, highlighting the significant variation in performance and underscoring the critical role of strategic location, efficient management, and strong linkages with the domestic economy for SEZ success. The study reveals that while some African SEZs, particularly in Ghana and Lesotho, demonstrate positive outcomes, many face challenges such as poor infrastructure, weak governance, and limited integration with local economies. Adding another component to this analysis, Rodríguez-Pose et al. (2023) investigate the factors hindering SEZ development in Africa, drawing on a dataset of 237 zones. Their findings challenge the prevailing emphasis on fiscal incentives as the primary driver of SEZ success. Instead, they underscore the importance of a conducive business environment, efficient infrastructure, and consistent government support throughout the SEZ lifecycle. The study emphasises that while fiscal incentives might attract initial investments, their long-term impact remains limited without addressing these factors.

Evaluating the performance of SEZs in Southern Africa, Makgetla (2021) found that regional inequality, dependence on mining exports, and inadequate infrastructure financing significantly hinder SEZs' effectiveness in the region. A comparative analysis by Phiri and Manchishi (2020) on SEZs in Zambia and South Africa corroborates this finding, which reveals the detrimental impacts of inadequate infrastructure financing and unreliable electricity supply on SEZ operations and investor confidence. This study highlights how frequent power cuts in Zambia disrupt the production process, increase costs, and create uncertainty for businesses, ultimately affecting the attractiveness of these zones to foreign investors.

While SEZs hold the potential to drive economic growth in Africa, their success depends on addressing the complex interplay of factors. A central focus on fiscal incentives without addressing the fundamental issues of infrastructure, governance, and economic and political context is unlikely to achieve the desired outcomes. This research aims to contribute to this understanding by

analysing the case of South Africa's Coega Industrial Zone, specifically examining how the persistent challenge of 'load-shedding', or rolling blackouts, may impact its ability to attract and retain foreign direct investment.

Numerous researchers, such as Makgetla (2021) and Nel (2013), view SEZs positively, primarily as 'vehicles of globalisation' and a key strategy for industrialisation and employment, particularly in Africa. In contrast, other scholars contend that SEZs remain controversial within the global economy concerning economic performance and FDI opportunities. SEZs have been criticised for neglecting environmental mitigation effects and exploiting cheap labour to make corporate profits, especially in China or Chinese-run zones (Thompson and Shirinda, 2021). Farole and Akinci (2011) contend that SEZs generate employment and attract foreign direct investment (FDI); however, they have struggled with long-term sustainability owing to the rising labour cost. Wang (2013) argues that the performance of many zones remains below what is expected, as they fail to attract the supposed significant investors that will generate economic benefits. In addition, policymakers not only face traditional challenges of making SEZs succeed, but they also need to include the need for sufficient strategic focus, regulatory and government models, and investment promotion strategies (Wang, 2013; UNCTAD, 2019).

### South Africa and SEZs

In South Africa, the SEZ programme is supported by a policy framework for developing, operating, and managing a wide array of SEZs (Phiri and Manchishi, 2020). The central objective of the *Policy on the Development of Special Economic Zones in South Africa* is to accelerate industrial development through domestic and foreign investments and the development of industrial capabilities. The programme draws legal backing from the *Special Economic Zones Act 16 of 2014*, which outlines SEZs' purpose, policy and strategy and provides for SEZs' designation, promotion, and management. The SEZ policy was primarily designed to enable FDI, improve infrastructure, develop new industrial hubs, and reduce large-scale unemployment (RSA, 2012). The South African Government's mandate is to take advantage of SEZs as an essential strategic plan to prioritise industrialisation and develop the economy (Osuigwe, Gumbo and Aigbavboa, 2022). Presently, South Africa has eight SEZs located in different provinces. These include Saldanha Bay (Western Cape), Dube Trade Port (Kwa-Zulu Natal), OR Tambo (Gauteng), Coega (Eastern Cape), East London (Eastern Cape), Richards Bay (Kwa-Zulu Natal), Musina (Limpopo), and Maluti a Phafung (Free-State) (Osuigwe, Gumbo and Aigbavboa, 2022).

Despite the 2008 global economic crisis, the designated SEZs have made significant progress in attracting several investors working in the zones (DTI, 2017). Regarding performance, the number of operating investors in designated SEZs increased from 100 to 122 in the first quarters of the 2018/19 and 2019/20 financial years, with investment values totalling over ZAR 19 billion (DTI, 2017, p.35; 54). In the 2018/19 financial year, the report indicated that Coega SEZ currently has within its fold 45 operational investors who have a combined worth of investment value amounting to ZAR11.579 billion. The Dube Trade Port has 25 active investors with a value of ZAR1.8 billion and has created 3331 jobs (DTI, 2017, p.35; 54; UNCTAD, 2019). The designated SEZs also achieved a pipeline of 36 investments with an estimated value of ZAR10.2 billion. Among these investments are smartphones, which are worth ZAR1.3 billion investments and have the propensity to provide an estimated 1500 jobs over five years (DTI, 2017, p.35;54). The Saldanha Bay SEZ, which focuses on the oil and gas industry, has signed lease agreements with an investment of just over ZAR3 billion. The five investors include joint investment projects between South Africa and international investors from the United Kingdom, Europe, the Middle East, and Africa, with the rest being 100% local South

African projects (DTI, 2017, p.35; 54; Chauke, 2022). From this review, it can be said that South Africa's story of SEZs has achieved remarkable success in terms of attracting FDI.

### **South Africa's Energy and Load-shedding Crisis**

Eskom is a South African electricity public utility established in 1923 as the Electricity Supply Commission (ESCOM), a government-owned company that is the country's main electricity supplier. Since the 1994 democratic transition in South Africa, Eskom management has appealed to the government to finance additional capacity to generate power. This is because the country was experiencing increasing economic growth and electricity demand, indicating that South Africa would experience capacity problems with supply before 2010. The appeals were not urgently addressed; instead, the government decided to put off increasing capacity through new construction and put minimal priority on providing access to residential consumers (Wentworth, 2014; Goldberg, 2015). By 2007, 4.2 million additional households were connected to the national grid. Additionally, the government's political and economic liberalisation policies attracted international interest and substantial FDI, rising from US\$15 billion in 1995 to US\$132 billion in 2010. The high electricity demand resulted in Eskom resorting to national rotation 'load shedding' from late 2007 to protect the power system from a total blackout, and a national emergency was declared on 25 January 2008 (Joffe, 2012; Goldberg, 2015).

Government efforts were implemented to manage the electricity supply shortage; however, all were ineffective, resulting in consistent load shedding. Since 2008, a structural deficit in the electricity supply has remained one of the country's most critical challenges. As a result, frequent load-shedding incidents have significantly impacted the economy (Wentworth, 2014; Goldberg, 2015). According to the World Economic Forum (2009), during the 2008/2009 financial years, the competitive index for South Africa was number 45, which was attributed to the energy crisis. What was expected to be a five-year struggle stretched to fifteen, and the effects thereof doubled, consequently affecting not only big enterprises but ordinary citizens, small businesses, and the country's overall gross domestic product (GDP).

During the 2006/2007 financial year, the country was ranked 35 out of 122 countries surveyed; the decline in ratings can be attributed to the second of the twelve pillars of global competitiveness. During the 2007/2008 ratings, South Africa was ranked 44 out of 134 surveyed countries. The electricity component of the second pillar was the weakest link, hence the low rating compared to previous years (Creamer, 2008). Disastrously, the situation only worsened in the last 15 years, and the competitive index slipped further down, leaving the economy and general welfare of the republic vulnerable. The South African energy crisis was estimated to last until 2013 (Engineering News, 2008), yet South Africans saw another dip in the global competitive index, with the main culprit being electricity, causing 200-day blackouts in 2022.

### **The Impacts of the Energy Crisis on FDI**

Inward foreign direct investment (FDI) plays a crucial role in the economic development of host countries, particularly those in the developmental stages (Inglesi-Lotz and Ajmi, 2021). While the financial flows primarily benefit the host country, research indicates that both investor and recipient countries experience advantages through FDI, primarily through technology transfer, knowledge sharing, and strengthened trade relationships. Host countries, in particular, benefit from an influx of expertise, advanced technologies, human and physical capital, and improved organisational methods and production patterns (De Mello Jr, 1997; Inglesi-Lotz and Ajmi, 2021).

The decision to attract FDI and the geographical targeting of these investments are influenced by conditions within a host country. Since the 1970s, factors such as abundant natural resources, robust physical infrastructure, stable macroeconomic conditions, political stability, and investment certainty have been identified as key drivers of FDI attraction (Boateng et al., 2015; Dunning, 2015). However, in recent decades, access to a reliable and affordable energy supply has emerged as a critical factor complementing these traditional determinants. Given that energy is a fundamental input in the production process, its availability, reliability and price directly impact a business's viability and its potential for profit maximisation. Consequently, when investors assess potential destinations for FDI, the energy sector has become a decisive factor in their decision-making (Inglesi-Lotz and Ajmi, 2021).

Developing countries frequently suffer from frequent power cuts that affect operations and, to an extent, affect FDI opportunities. Policymakers have made substantive efforts to control and balance energy consumption with the energy supply capacity of countries such as China. Similarly, conditions for price fluctuations in overall energy markets or specific coal or electricity tariffs have affected countries' economic growth (Zeng, 2016; Shi and Sun, 2017). South Africa is also a developing country whose electricity supply and provision have been erratic since 2008, when the first wave of power cuts experienced severe economic consequences. Since then, load shedding (rolling blackouts) has been common in the country. In the same period, since 2008, the electricity prices in the country underwent a restructuring, with approximately an annual increase of 33% from 2008 until 2018 in real average electricity prices. (Department of Energy, 2018). These increases have significantly altered the weight of electricity costs in the business budgets and the country's attractiveness as a destination for business, where the production costs are affordable. Analysts have attributed some of the losses in investors' confidence, particularly to these interruptions, the unreliable provision of electricity and the increasing electricity costs (Hogg, 2020).

South Africa has experienced significant volatility in FDI inflows in recent years. Following a 15% decline in 2019, as reported by the World Bank, the FDI subsequently plummeted by 38.36% in 2020. While 2021 witnessed a 1209.5% increase in FDI, this proved unsustainable. Several factors, including sovereign credit rating downgrade to non-investment grade, grey listing by the Financial Action Task Force due to shortcomings in combating money laundering and terrorism financing, and persistent power supply disruptions, have adversely impacted investor confidence. Consequently, FDI contracted by 66.67% in the second quarter of 2022 alone (Reuters, 2022).

### Case Study: The Coega SEZ

The Coega SEZ is the largest in Southern Africa by land area (9,003 hectares), and the first zone designated in South Africa in 2001 and became operational in 2002. It is in the Nelson Mandela Bay Metropolitan Municipality on the East-West trade route to service both global and African markets (DTIC, 2020). Coega SEZ broadly targets foreign and domestic direct investment in export-oriented manufacturing activities. Its mandate is to be the leading catalyst for championing socio-economic development through providing competitive investment locations, facilitating holistic infrastructure, and value-adding commercial business solutions. The SEZ consists of fourteen zones for supply chain integration, which garner investments in the energy, metals, logistics, automotive, chemicals, aquaculture, agro-processing, maritime, and business process outsourcing sectors. The Coega Development Corporation manages the Coega IDZ, a state-owned enterprise with a diverse portfolio of activities (Phiri and Manchishi, 2020; CDC, 2022b).

Coega is arguably South Africa's well-renowned SEZ and the preferred investment destination in Africa. Compared with other South African SEZs, Coega has become an exemplary model for other zones in diversifying its business model to include other income-generating activities beyond zone

development and management and investment attraction (CDC, 2022a). Coega has 45 operational investors, with an investment value of R11.5 billion in private sector investment and R9.53 billion in foreign direct investment. In line with its mandate, the CDC has achieved 112,947 jobs and trained more than 100,000 people since its inception in 1999 (Provincial Government of South Africa, 2023). In the financial year 2018/2019, the zone developer scored several accolades: Top Employer 2019-Certified Excellence in Employer Conditions; 2018 Top Performing Public Service Organisation, and 2019 Investor of the Year in the DTI Annual South African Premier Business Awards (CDC, 2019).

Initially, the Coega zone business model was primarily focused on leasing developed industrial land for predominantly industrial activities to stimulate economic growth and employment (CDC, 2019). Over time, this model has evolved to include a range of products and in-house commercial services, such as Coega Human Capital Solutions, The Coega Corporate Travel Agency, Coega Telecom, and Vulindlela Accommodation and Conference Centre. This strategic business shift comes from reduced government grant funding and the need to become self-sustainable. The zone provides road infrastructure, water and sewer, telecommunication, and electricity networks. Other support systems for supply chain management are also on offer, as well as a one-stop investor services centre offering human relations support and streamlined business licensing, customs registration, and permit approval services (CDC, 2019).

The zone's performance, primarily measured against a series of targets outlined in successive five-year strategic plans, shows that it has mainly been on or exceeded its annual targets. CDC (2022a) reports show that between 2010 and 2020, the Coega zone raised between ZAR11 billion and ZAR 700 million in investment annually, totalling an estimated ZAR45 billion. The 2015/16 and 2016/17 financial years were exceptional for CDC; they managed to secure a vast investment of ZAR24 million from Delta Natural Gas, focusing on liquid natural Gas importation, storage, and distribution. At the end of the financial year 2018/19, the zone had realised total domestic and foreign investments of ZAR9.53 billion. Additionally, in the 2021 financial report, the Coega SEZ acquired thirteen new investors with a combined pledged investment value of ZAR557.7 million (CDC, 2022a).

The manufacturing sector contributed the largest share of exports, followed by agriculture, forestry, and fisheries. Between 2015 and 2018, the total income in the zone increased from ZAR5.5 billion to ZAR9.9 billion, driven mainly by manufacturing activities. This represents a growth of 82% over the period or an annualised growth rate of 22 per cent (Stats SA, 2019). The most prominent investors at Coega include the ZAR3.5 billion 342MW Dedisa Peaking Power Plant and the ZAR11 billion BAIC-SA's Vehicle Manufacturing Plant (SKD) (Provincial Government of South Africa, 2023).

Significant infrastructure challenges persist in the Coega SEZ. These include the lack of a water return effluent (wastewater treatment) for industrial purposes; outdated ICT networks due to underinvestment in network upgrades; uncertainty on the cost of electricity, particularly for sizeable energy-intensive investment projects; and lack of funding for maintaining and upgrading legacy infrastructure (Phiri and Manchishi, 2020; CDC, 2022b).

### **Load-shedding and the impact of Coega FDI Attractiveness**

When evaluating the impact of South Africa's unreliable electricity supply, 'load-shedding' poses a significant challenge to the performance and investor attractiveness of its SEZs. Ateba (2019) highlights that unreliable electricity can lead to industrial decline, making SEZs less appealing to both domestic and foreign investors. The persistent power outages can also create an uncertain business environment, forcing businesses to invest in costly backup power solutions and negatively impacting their competitiveness and profitability. This uncertainty is further exacerbated by potential supply chain disruptions and negative international perceptions of South Africa's economic stability (Ateba,

2019; Mlambo, 2023). Load-shedding also presents economic consequences, which could also have implications for investor confidence. Walsh et al. (2021) estimate that load-shedding reduced South Africa's GDP by R338 billion between 2007 and 2019, with the manufacturing sector, heavily reliant on a stable electricity supply, being most affected. This vulnerability is reflected in production stoppages, supply chain disruptions, and diminished investor confidence.

The CDC (2023) underscores the relationship between energy security and attracting FDI, emphasising that a reliable electricity supply is crucial for SEZs to achieve their economic growth potential. However, the case of Coega SEZ illustrates the detrimental effects that load-shedding may have on FDI. In 2008, Rio Alcan, the world's second-largest aluminium producer, was forced to suspend its planned R20 billion (US\$2.1 billion) aluminium smelter project in Coega due to Eskom's inability to guarantee the electricity supply (Mining Review Africa, 2008). This investment setback resulted in significant lost opportunities for Coega, including expanded trade, job creation, and broader benefits for the Eastern Cape province.

Mbambo's (2015) study further reveals that insufficient electricity supply and frequent power interruptions have consistently hampered investments in Coega SEZ. The study found that the power supply within the industrial zone was inadequate to meet existing and future demands, deterring potential investors and emphasising the urgent need for a sustainable solution to South Africa's energy crisis. Similarly, SeaArk Africa's prawn farming project did not materialise due to the Mandela Bay Municipality's inability to provide the necessary electricity supply (Woolmarans and Schroeder, 2017). These examples show that load-shedding is a severe obstacle to attracting FDI in South Africa's SEZs.

Coega failed because of poor central economic planning. The government embarked on a larger-scale project, which looked like it would create job opportunities. Special Economic Zones like Coega are likely to succeed when they start on a smaller scale and expand from there (Round table convened, 2012). Private funding and more relaxed regulations would have ensured a higher rate of success for the development zone. Special Economic Zones need to have a well-planned fallback plan coupled with smaller projects. Economic zones that are diverse in their business stand a better chance of succeeding. Although electricity was cheap and available in 2001, the warning signs of future scarcity were there; however, the government did not heed these warning signs (Freezone Focus, 2022). The South African government equips investors with education. The Special Economic Zones Act 16 of 2014 outlines the legal and institutional framework for the development, operation, and management of SEZs in South Africa. The legal framework sets out the investment rules, fiscal incentives and tax administration, licensing and regulation of business activities, institutional arrangements, trade facilitations and customs control, as well as to settle dispute settlement mechanisms. To ensure the success of an SEZ, the private sector, regulatory boards, and policymakers need to cooperate and create a working environment that fosters investor confidence and transparent policy predictability. In the South African context, the government relaxed regulations and provided incentives for investors. The government offers an investment allowance, which may be deducted from taxable income in the financial year when production starts.

The Department of Trade and Industry also offers a Tax Allowance Incentive for investors, which offers support for capital and investment and training to improve production. The tax allowance can go up to 55%. The lack of alternative energy for SEZs slowed down the economy, especially during the 2022-2023 period. Some SEZs managed to recover, but the money and jobs lost could have been salvaged. Investors are protected by the Protection of Investments Act of 2015, which sets out a national standard of treatment, protection of physical property, and the right to transfer funds. It aims to achieve a balance of rights between investors and the government of the republic. The Act is based on the South African Constitution; it provides that in the event of expropriation,

investors would no longer be assured of compensation at full market value; however, in line with the Constitution, there would be compensation that is fair and equitable. It provides investors with security subject to applicable domestic legislation if damages are suffered due to war, armed conflict, revolution, state of national emergency, revolt, insurrection or riot. The South African government will provide restitution or compensation to investors for loss or damage of property due to the requisitioning or destruction of property by government authorities if such action is required by the necessary action. The Act provides for mediation processes and allows the investor to approach a competent tribunal, court or statutory body (RSA, 1996).

## Concluding Observations

This article has underscored the critical interdependence between energy security and foreign direct investment, particularly for developing economies to achieve sustainable economic growth and development. While traditional factors such as natural resource endowment, infrastructure, and political stability remain significant, the availability of reliable electricity has emerged as a paramount concern for attracting FDI. South Africa's recent experience with volatile FDI inflows exemplifies the potentially negative impact of energy insecurity. The persistent threat of load shedding, driven by underlying challenges within the energy sector and regulation, has created an environment of uncertainty that has demonstrably hindered investor confidence and hampered the country's ability to attract the long-term FDI needed to achieve its economic and development potential. This impact is evident in the challenges faced by Special Economic Zones, particularly the Coega Industrial Development Zone. The lack of a reliable electricity supply has undermined Coega's ability to attract and retain investors, contributing to job losses and hindering its intended role in driving economic growth. The case of Coega also highlights a link between energy insecurity and broader economic setbacks, including lost income, reduced tax revenue, and diminished competitiveness.

Addressing this energy crisis is not only an economic imperative but a fundamental prerequisite for South Africa to achieve sustainable, long-term growth and fulfil its developmental aspirations. This involves a multi-faceted approach that includes diversifying energy sources, strengthening energy infrastructure, and implementing policies that promote energy efficiency and attract investment in the renewable energy sector. Furthermore, exploring solutions that address the needs of SEZs, such as prioritising their access to reliable energy, a variety of incentives in the production of essential goods and services, as well as the acceptance of assistance from the private sector through the relaxation of red tape, could be beneficial for their success. The failure to address South Africa's energy challenges risks not only its own economic future but also holds broader implications for other developing nations navigating the complexities of attracting investment in an increasingly energy-dependent global context. By prioritising energy security, South Africa can create a more attractive investment environment, stimulate economic growth, and serve as a model for other developing countries seeking to harness FDI for sustainable development. Further research into a nuanced relationship between energy security, FDI and the success of SEZs is crucial for informing effective policy decisions and realising the full potential of these zones as drivers of economic growth and sustainable development.

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# Power Asymmetries in BRICS: Serving the Global South or Entrenching Sino-Russian Interests?

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## Abstract

Since becoming a political bloc in 2009, BRICS has expanded to ten members. This paper interrogates the evolving role of this formation, which aspires to be a powerful voice for the Global South at the international level. This ambition evokes comparisons to the Non-Aligned Movement, which ‘historically represented a collective voice of developing countries striving for independence, sovereignty, and international cooperation’ during the pre-1990 bipolar world. However, the contemporary multipolar landscape presents distinct challenges to its efforts to be a counterweight to Western hegemony. This paper argues that the grouping increasingly entrenches Chinese economic primacy and Russian geopolitical interests, marginalising smaller members and the broader Global South. Empirical evidence from key UN bodies is used to highlight limited BRICS engagement at the International Labour Organisation (ILO) and divergent voting patterns within the UN Security Council (UNSC), underscoring institutional inertia. Financial and diplomatic asymmetries further enable Beijing and Moscow to dominate the bloc’s agenda, weakening its credibility as a vehicle for Global South solidarity. These internal imbalances could also undermine the very concept of multipolarity that BRICS claims to champion. Through a structural realist lens, this paper analyses UN voting records, trade imbalances and case studies, including the Democratic Republic of Congo’s cobalt supply chain, to reveal how disparities in representation, financial contributions and strategic priorities shape BRICS’ trajectory. The paper concludes with policy recommendations.

**Keywords:** Power Asymmetry; BRICS; Multipolarity; Global South; Interests; Russia & China; UN

## Introduction

BRICS, initially an emerging economic grouping of Brazil, Russia, India, China and South Africa, has evolved into a significant geopolitical actor with an expanding agenda beyond economic interests (Albuquerque & Bras Martins da Costa, 2020). Since 2023, BRICS has grown to ten member countries, strengthening its global influence while adding complexity to reaching consensus and advancing international initiatives. The group’s institutional makeup, including the New Development Bank (NDB) and Contingent Reserves Assets, demonstrates a strategic transition towards creating a more structured framework for global impact. BRICS members are also restructuring the international financial architecture, exploring solutions like local currency trading and intra-bank settlement systems (Pandor, 2023; Toussaint, 2024). These developments underscore their commitment to a ‘transformative agenda for a more equitable and representative global governance system’ (Pandor, 2023, p. 12).

Countries in the Global South have consistently voiced concerns about systemic inequalities rooted in colonial legacies and Western dominance in global institutions (Voss, 2020). They argue that

organisations like the United Nations (UN), World Trade Organisation (WTO) and International Monetary Fund (IMF) systematically marginalise their participation in decision-making processes. This structural imbalance has fuelled calls for reforms to create a more inclusive governance framework that addresses developing countries' unique challenges. For instance, UN Secretary-General António Guterres has proposed creating a permanent African seat on the UN Security Council (UNSC) to enhance the Global South's influence (Efemini, 2024). This proposal aligns with the Pact for the Future, adopted by the UN General Assembly in September 2024, which supports reforming the UNSC and adjusting the international financial system to benefit the Global South (UNGA, 2024).

BRICS is portrayed as a counterweight to global disparities and a champion for a more equitable global order (Pandor, 2023). Alongside the Global South, BRICS is seen as an 'anti-hegemonic association' and a well-suited platform for democratising international relations (Bezerra & Lin, 2023, p. 335). However, questions persist about its ability to genuinely represent all its members and the broader Global South. The uneven political and economic power distribution within BRICS and the rise of new economic forces like 'cloud capital' (Varoufakis, 2024a) raise concerns about whether the group can effectively address existing disparities. Consequently, the Global South risks becoming marginalised in a rapidly evolving, tech-driven economic landscape.

Li, Uribe and Danish (2023, p. 19) argue that BRICS seeks to emulate the Non-Aligned Movement (NAM), which 'historically represented a collective voice of developing countries striving for independence, sovereignty, and international cooperation' during the pre-1990 bipolar world. This paper interrogates the validity of this exclusive and elitist club's claim to represent all marginalised countries in the South. Acemoglu (2023) contends that the expansion of BRICS inadvertently strengthens China's influence rather than creating 'a genuinely independent third grouping to provide a counterweight against both the China-Russia axis and US power.' This perspective invites scrutiny of the efficacy and intentions behind BRICS and its potential role in shaping future global dynamics.

Given the complex geopolitical and economic landscape, it is crucial to assess BRICS' effectiveness in representing the diverse interests of its member countries and the broader Global South. A significant challenge stems from the internal power dynamics favouring China and Russia, whose substantial privileges in the international system undermine the bloc's unity and effectiveness (Albuquerque & Bras Martins da Costa, 2020). Both countries hold permanent seats on the UNSC and the International Labour Organisation (ILO) governing body. Furthermore, evidence suggests that the BRICS bloc has limited interaction with global bodies, including the UNSC and the ILO, revealing persistent 'internal asymmetries' (Albuquerque & Bras Martins da Costa, 2020, p. 46). This disparity complicates efforts to advocate for meaningful reforms within international institutions.

The discourse about institutional reform in the global system has been ongoing for decades and represents a significant challenge for BRICS (Jetschke & Abb, 2019). The group's inclusion of China and Russia, already influential in the current global architecture, casts doubt on BRICS' ability to foster a genuinely multipolar world order. Nuruzzaman (2022) argues that BRICS functions more as a loose coalition than a formal alliance to challenge the US-led global system and establish alternative frameworks. While BRICS seeks to reform rather than overthrow the international order (Stuenkel, 2020), with China and Russia leading the bloc, a paradox emerges. Their entrenched influence raises concerns about their sincere commitment to the Global South, as their national interests could overshadow collective goals, potentially limiting BRICS' effectiveness in advancing marginalised voices.

This paper addresses the research question: Does BRICS effectively promote multipolarity, or does it primarily serve the interests of its dominant members, China and Russia? Applying structural realism

as the theoretical framework, qualitative methods will be employed to gather and analyse data from academic literature, media reports and official documents to evaluate BRICS' activities and internal dynamics (Blanche, Blanche, Durrheim & Painter, 2006). The paper first assesses BRICS' alignment with the Global South by comparing it to the NAM to determine its effectiveness in supporting the broader Global South agenda as opposed to the interests of its dominant members. It then situates BRICS within the capitalist world order, exploring challenges in an evolving economic context. Next, it investigates coalition-building strategies in bodies like the UN and ILO, focusing on internal asymmetries affecting its representation of Global South interests. Finally, it considers whether BRICS expansion primarily serves Russia and China or aligns with a broader Global South agenda.

### Research Methodology and Design

This study, employing a structural realist framework (Waltz, 1979), examines the role of BRICS in global governance by analysing power asymmetries. Utilising triangulated qualitative methods, including UN voting records, trade data and case studies, it prioritises authoritative institutional datasets and official declarations. The institutional engagement of BRICS was evaluated based on key criteria: voting coherence on priorities pertinent to the Global South, such as the reform agenda, and financial contributions to international bodies. While the analysis centres on structural power asymmetries, alternative explanations, such as domestic politics or neoliberal institutionalism, were acknowledged but excluded to maintain focus on systemic material disparities. The study recognises limitations, such as reliance on public records that may overlook informal negotiations or non-English sources. However, methodological triangulation mitigates these gaps, enhancing credibility and providing a robust framework for assessing BRICS' power dynamics and institutional engagement.

### BRICS and the Global South: Echoes of the Non-Aligned Movement?

The term 'Global South' emerged in the 1960s to describe countries exploited by Western powers (Hogan & Patrick, 2024; Voss, 2020). Wealthier states' dominance through capitalism, imperialism, and neocolonialism is well documented. Economic theories, including world-systems theory and *dependencia*, further demonstrated the exploitation of peripheral regions by the core. Groups like NAM and the G77 resisted this system and pushed for changes. Despite challenges, the Global South continues to assert its autonomy (Hogan & Patrick, 2024). The rise of BRICS has revitalised the concept as a symbol of solidarity among developing countries (Kaushik, 2024). However, critics argue that the term is 'patronising and contradictory' (Beatie, 2024) and 'denies individual countries' agency by grouping them into a monolithic bloc' (Mohan, 2023), with additional concerns over its geographical inconsistencies. As a 'state of mind or being, which exists as an antithesis to the West' (Voss, 2020, p. 730), the Global South remains crucial in fighting for justice and equitable representation (Zhou, 2024; De Carvalho, 2023).

BRICS' primary goal is to be a positive catalyst for inclusive transformation towards a more equitable global order (BRICS, 2014). Scholars like Brands (2024) and Erin (2023) argue that BRICS's goals, especially in supporting the Global South, align with NAM's historical significance. Emerging during the Cold War's intense global polarisation, NAM sought to maintain autonomy from superpowers like the US and the Soviet Union and promote neutrality amidst the decolonisation wave and shifting power dynamics. Brands (2024) argues that understanding current global issues requires recognising their historical context. NAM's non-alignment strategy offers a model for developing countries today to avoid over-alignment with Russia and China (Acemoglu, 2023; Erin, 2023). However, the growing influence of these two powers on BRICS could undermine its ability to represent the diverse needs of developing countries, which remain targets of rivalry among global powers (Zhou, 2024).

While BRICS and NAM share overlapping membership and goals, questions persist about BRICS' ability to serve as a unified voice for the Global South. Multilateral institutions, historically dominated by Global North interests, are experiencing shifts as Global South countries assert more agency (Rakhra, 2024; Traub, 2022). Issues like vaccine inequality and the Ukraine conflict catalysed a new sense of unity among these countries. The anaemic power of the North has enabled this breakthrough in geopolitics and international bodies such as the WTO (Prashad, 2013). Although no single country represents the entire Global South, nations like South Africa led in the Israel genocide case and collaborated with others on vaccine access and climate financing. Gattolin & Véron (2024, pp. 2–3) argue that BRICS 'informality' and 'freedom of initiative' are its main strengths, allowing member states to act autonomously and address issues without formal group endorsement. However, overcoming the legacy of Western dominance requires ongoing collective action (Rakhra, 2024; Rizzi, 2023).

Unlike pre-1990, today's global challenges demand tailored responses from individual states or regional blocs due to their diverse impacts (Rakhra, 2024). Consequently, formations like BRICS, NAM and the Shanghai Cooperation Organisation (SCO) have become key players within the Global South. Interestingly, Erin (2023) argues that groups like BRICS revitalise the legacy of non-aligned nations, which have the potential to reshape the global political landscape. Malaysia's *New Straits Times* (2024) argues that the voice of the Global South has long been unheard, and BRICS could be the 'mike' to finally amplify it on the world stage. However, concerns remain about China and Russia's dominant interests within BRICS. Hadebe (2023) suggests that 'the world is entering a complicated era of 'civilised' third forces,' and *New Straits Times* (2024) warns that if China and Russia impose their will on other BRICS members, the bloc could mirror the P5. Some critics view BRICS as a tool for Chinese diplomacy (Acemoglu, 2023).

The notion that BRICS is a direct successor of NAM is contentious. The bloc's leading members, like Russia and China, have adopted foreign policies that diverge from traditional non-alignment principles. This is unsurprising because neither of them was ever part of NAM, with China being only 'a friend, though not a member' (Traub, 2022). These powers prioritise self-interest over broader commitments to the Global South. While many in the Global South critique the West 'for its neo- or post-colonial faults' (Rampini, 2024), not all countries, within or outside BRICS, align with China and Russia's ambitions. Also, their Comprehensive Strategic Partnership of Coordination, established in 2014, reveals their alliance as more significant and hierarchical than other partnerships, as well as focused on their interests, from the Ukraine conflict to trade sanctions (Jochheim, 2023; Zhang, 2024). This dynamic suggests that these countries recognise the Global South's limited capacity to challenge the West, a reality acknowledged by NAM leaders in the past (Kharel, 2020).

Besides their close foreign policy alignment or 'superpower symbiosis' (Weitz, 2012, p. 71), China and Russia strengthen their ties with emerging Global South powers while intensifying their opposition-adversarial stance towards the US and the West (Zhang, 2024). This cooperation spans state-to-state diplomacy, multilateral forums like BRICS and the SCO, and initiatives such as the Forum on China–Africa Cooperation and the Russia–Africa Summit. Naik (2019, p. 71) describes this cooperation as a 'three-fold interaction' addressing Global South concerns. However, many countries gravitate towards China-dominated entities due to infrastructure needs, loans and economic incentives, usually at the expense of broader political considerations. Consequently, Traub (2022) contends that the West must demonstrate a genuine commitment to developing countries, including economic support, to regain their loyalty. This is a realisation that Western powers are lagging behind China in meeting the pressing needs of developing countries.

While concerns about China-Russia relations persist, the Global South remains a geopolitical reality that must be recognised for what it stands for. It continues to call out those responsible

for injustices and abuse of power. Western support for Israel exposes its hypocrisy and sparks backlash, a phenomenon mainly overlooked by Eurocentric scholars (Rampini, 2024; Rizzi, 2023). Some leaders caution against their countries being used as arenas for a new Cold War and urge Europe to reconsider its stance (Larson, 2022; The Wire, 2022). Although BRICS has the potential to lead the Global South, it struggles to gain the broad support that NAM commands. A Western diplomat reportedly observed at the 1992 Jakarta summit, 'A lot of these tiny nations are praying that the [Non-Aligned] movement can survive and advocate on their behalf because most of the nations are not capable of doing it for themselves' (Keethaponcalan, 2016, as cited in Kharel, 2020, p. 8). Ultimately, BRICS' success in representing the Global South depends on its willingness to move beyond being an exclusive club characterised by diplomatic soirées.

### **Locating BRICS in the Capitalist World Order**

Despite the persistence of historical and geographical divisions, the influence of contemporary capitalism on geopolitical tensions has been understudied. Understanding BRICS' position within the capitalist world order is essential for evaluating its potential to address the concerns of the Global South. This analysis requires a closer look at the evolving dynamics of global capitalism and BRICS' relevance and position in the current international landscape.

### **Understanding the Current Global Economic Order: Transnational Capitalist Class and Cloud Capital**

Capitalism's adaptability has enabled it to overcome traditional North-South divisions, giving rise to a transnational capitalist class with interests beyond national borders (Biel, 2012; Wei, 2020; Witt, 2017). This transformation accelerated after the collapse of the Soviet Union and China's economic reforms, which invited Western capital into emerging markets (Wei, 2020). While this influx of capital has fostered economic growth, it has simultaneously deepened inequalities and exacerbated class divisions within and between countries (Nabil, 2022; Tricontinental, 2022). This new stateless capitalist elite has reshaped global class relations and created new forms of inequality. As capitalism evolves, US dominance, mainly supported by the dollar's supremacy, also influences global economic activity. No country is immune to US hegemony (Varoufakis, 2024a). This reinforces the need for a nuanced analysis of BRICS, particularly given its purported role as a counterweight to US/Western economic dominance.

Varoufakis (2024a) identifies three phases of post-war global capitalism. The first was the 'golden era of capitalism,' characterised by high growth, low unemployment and low inflation, which ended with the collapse of Bretton Woods due to the US trade deficit. The second phase saw the US exporting dollars to maintain global dominance despite its deficits, empowering its status as the world's reserve currency. In the current third phase, often referred to as 'techno-feudalism' (Dean, 2020; Varoufakis, 2024b), 'datafeudalism' (García, 2024) or 'techno-capitalism' (Hurtado, 2023), rapid technological advances have shifted capital into what is called 'cloud capital' (combining capital and technology), where labour and markets are still relevant but no longer central to capitalism's development (Lovink, 2024). This era has been marked by the rise of powerful digital platforms like Amazon, Alibaba and Tencent, which manipulate consumer behaviour, exploit labour and extract value without proper compensation (Hurtado, 2023). Despite its significance, current discourses in fields such as economics and international relations overlook the impact of the cloud economy on countries beyond the digital divide.

Cloud capitalism demonstrates three 'harmful tendencies': expanding commodification, creating new forms of alienation and subordinating life to private capital accumulation (Hurtado, 2023, p. 4). This has led to a powerful elite, or 'cloudalists', who have unprecedented influence over the global

economy (Varoufakis, 2024b). For example, the market value of the top seven US tech firms surpasses that of major economies like the UK, France and Japan. Cloud capital remains concentrated in the US and China, leaving others behind (Varoufakis, 2024b). The US and China's dominance raise questions about the global economic order and the positioning of the Global South, which faces pressure to align with one side in the rapidly evolving digital economy. Cloud capital also intersects with high-tech sectors like aerospace, biotechnology and clean energy (Schindler et al., 2023). In this context, the US and China aim to shape digital and technological networks to project geopolitical and economic power by setting rules, controlling key technologies and building their digital infrastructure.

As China has moved from being a technology follower to a significant competitor to the US, the latter has imposed stringent restrictions on Chinese access to critical technologies, framing leadership in these sectors as a 'national security imperative' (Sullivan, 2022; Takach, 2024). This rivalry has heightened trade conflicts and geopolitical tensions as access to critical raw materials becomes increasingly crucial. Although China dominates the supply of these materials, even in mineral-rich regions of the Global South (Canuto, 2023), the benefits of the China–Africa relationship remain limited, as evidenced by ongoing challenges in Congo's cobalt supply chain (Sikhakhane, 2024). Sikhakhane (2024) notes that the issue is not solely due to external actors like China but also Africa's lack of 'collective muscle' to safeguard its interests in this global competition. This critique underscores how external powers, including China, strategically pursue their national interests, leaving the Global South and most BRICS members marginalised and reduced to suppliers of critical raw minerals.

### **Transformation of Economic Structures and De-dollarisation Debate**

Concerns about the dominance of the US dollar, mainly its role in transferring wealth from the periphery to the core, have gained renewed attention since the imposition of Western sanctions on Russia in 2022 (Li, 2023). These sanctions reignited the de-dollarisation debate as countries began exploring alternatives to reduce their dependency on the US-led global financial system. China's ascendance, with alternatives like WeChat and digital currencies, challenges the dollar's supremacy. Its financial platforms, such as the Cross-Border Interbank Payment System and UnionPay, now rival Western options like SWIFT by integrating cloud capital with financial services (Varoufakis, 2024a; The Economist, 2024). However, despite the growing rhetoric around de-dollarisation, Li (2023) argues that little evidence suggests that the dollar's global dominance is seriously at risk. While many believe BRICS will create an alternative, Nogueira Batista Jr (2024) contends such hopes are overly optimistic, as the US fiercely protects the dollar's 'exorbitant privilege'. Donald Trump's threats to impose tariffs on countries abandoning the dollar further reflect this stance (Norton, 2024). Interestingly, Putin, while unveiling a symbolic BRICS currency, stated that BRICS would not actively oppose the dollar but would pursue alternatives if necessary (Siddiqui, 2024).

China's economic power and technological advancements threaten the US monopoly on the global payment system and shape the geopolitical rivalry with Washington (Gattolin & Véron, 2024; Varoufakis, 2024a). This competition, including US restrictions on critical technologies like microchips, contributes to a 'new Cold War' focused on technology and capital (Varoufakis, 2024a; Schindler et al., 2023). Within BRICS, China, India, Iran and Russia have established national payment networks, 'a world once dominated by Western ones' (The Economist, 2024). Efforts to link these systems and create a BRICS intra-bank settlement system are ongoing, though South Africa remains cautious (Toussaint, 2024). Coordinating the interests of BRICS countries poses a significant challenge to forming a united front against dollar supremacy (Nogueira Batista Jr, 2024). While the rationale for de-dollarisation is sound, particularly for allowing peripheral economies to gain financial sovereignty, there are concerns that its benefits may not be evenly distributed across the Global South.

Fadhel Kaboub argues that complicating this debate is the fact that many countries in the Global South, particularly in Africa, still have unfinished business concerning the decolonisation of their economic structures (Modern Money Lab, 2024). Historically positioned as raw material suppliers and consumer markets during colonial rule, these countries continue to grapple with the consequences of these roles, which impede their economic development and maintain their subordinate position in the global value chain. The burden of external debt, denominated in foreign currencies, further constrains fiscal policy and forces prioritisation of repayments over essential development areas like health and education. With China playing a leading role, this de-dollarisation is unimaginable for African countries in a system that continues to be structurally and economically colonised. While the Belt and Road Initiative offer infrastructure development opportunities, it raises concerns about debt sustainability and long-term dependence on China (Carmody, Taylor & Zajontz, 2021).

In a global digitalised economic order, the benefits of de-dollarisation could also be unevenly shared due to various factors, including the countries' differing economic strengths, governance structures and resource endowments. Kharel (2020, p. 2) notes that developing countries were 'one of the Cold War's chief victims', raising concerns about a potential recurrence. The precarious positioning of some BRICS countries calls into question the alliance's efficacy and autonomy. As technology shifts to digital assets, these states supply raw materials while remaining consumers in a system led by powerful economies. In this regard, Africa is the largest consumer of Chinese goods and loans, resulting in a persistent trade deficit with China (Chen, Fornino & Rawlings, 2024). This issue is exacerbated by the suspected dumping of electric vehicles due to overcapacity, which prompted the South African president, Cyril Ramaphosa, to seek a more balanced trade arrangement (Mpembe, 2024).

### **Coalition-forming by BRICS in Multilateral Bodies**

While the status of BRICS as a leader of the Global South remains uncertain, a key challenge lies in whether it serves all its members or primarily benefits its dominant ones, particularly China and Russia. These two countries leverage their alignment to promote mutual global interests, but BRICS as a bloc exhibits minimal involvement in UN institutions (Albuquerque & Bras Martins da Costa, 2020; Jetschke & Abb, 2019). The group's 'internal asymmetries' hinder cohesive action among its countries (Albuquerque & Bras Martins da Costa, 2020, p. 46), contrasting sharply with the unified image projected during regular summits. This disconnect between appearance and reality underscores the profound challenges BRICS faces in functioning as a unified force on the global stage.

### **Reform Agenda of the UN and Its Bodies**

The democratisation of the ILO and UN reform have long been central agenda items. A key question for scholars is whether emerging powers like those in BRICS can form a united front or if they hold diverging positions on these issues (Jetschke & Abb, 2019). Given Russia and China's permanent seats on the UNSC and their non-elective roles on the ILO Governing Body (representing countries of chief industrial importance), it is evident that BRICS countries occupy very different institutional positions within these structures. Unlike the UNGA, the UNSC and the ILO Governing Body function as non-plenary entities within the UN framework, excluding many member states. Consequently, the composition of these bodies has been contentious since the UN's inception (Talmon, 2009).

Many developing countries have repeatedly expressed dissatisfaction with these arrangements, yet their concerns have largely gone unaddressed. Therefore, it is understandable that these nations consistently voice the necessity to modify the distribution of seats allocated to each group, reflecting the proportional increase of these entities (Talmon, 2009). Within BRICS, the advantageous positions held by Russia and China in the UNSC suggest that the group's internal dynamics can be

expected to mirror some of the cleavages that have divided the international community on these issues (Jetschke & Abb, 2019, p. 168). In this context, established powers are concerned about the potential dilution of their privileged status and the challenge to their veto rights (Nichols, 2024), fearing that expanding veto power could render the UNSC more dysfunctional. BRICS members are divided on this issue, as seen in their mixed support for the Pact for the Future, with India and Russia expressing reservations (Singh, 2024; Deutsche Welle, 2024).

### **Internal Asymmetries, Institutional Constraints and Divergencies in the UN and ILO**

BRICS countries face significant challenges within the UN due to disparities in historical participation, diplomatic representation, financial contributions, and operational capacities (Albuquerque & Bras Martins da Costa, 2020). China and Russia, as permanent UNSC members, wield significant influence, while others rotate in and out with smaller diplomatic delegations. South Africa's reduction in diplomatic personnel further limits its impact (Makinana, 2021). These imbalances result in uneven influence over UN decision-making and institutional operations. Financial contributions also dictate influence within global institutions (Zhang & Jing, 2024). Thus, financial asymmetry mirrors the broader trend where economic leverage translates into negotiating power, as seen in South Africa's backing of UNSC Resolution 1973 on Libya while other BRICS members abstained (Nuruzzaman, 2022). Such internal divisions, combined with the entrenched dominance of permanent UNSC members through the 'penholder' system, hinder BRICS' ability to influence peace and security discussions (Muvumba Sellström, 2023).

Despite advocating for UNSC reform, BRICS struggles to form a cohesive strategy due to internal divisions and enduring structural imbalances in the UN system (Jetschke & Abb, 2019). Brazil, India, and South Africa lead efforts to secure permanent seats, a goal endorsed at the 2023 BRICS Summit (Kiku, 2024; South Africa, 2023), but their ambitions clash with P5 dominance and US proposals for African seats without veto rights (Nichols, 2024). While the Ezulwini Consensus demands at least two permanent seats for Africa with full veto powers (African Union, 2005, p. 9), competing reform proposals risk reinforcing inequalities rather than addressing them (Hooghe et al., 2017).

Although BRICS members initially united as emerging powers, their divergent approaches to UN engagement undermine their ability to act as a cohesive bloc. India's argument that Asia's diversity cannot be represented by just one or two UNSC members (Talmon, 2009) reflects broader tensions within BRICS regarding equitable representation. While BRICS foreign ministers have reaffirmed cooperation, their joint statements lack concrete policy coordination, weakening their collective negotiating power (Itamaraty, 2023). Ultimately, entrenched institutional privileges within the UNSC, coupled with BRICS' fragmented reform strategies, limit its ability to meaningfully shift global governance dynamics (Albuquerque & Bras Martins da Costa, 2020).

Similar imbalances affect BRICS' engagement with the ILO, where Brazil, Russia, India and China hold non-elective Governing Body seats alongside major Western powers (ILO, 2024). These structural constraints limit their ability to advocate for developing countries. The delayed ratification of the 1986 ILO Constitution amendment by key BRICS members, particularly Russia and China, reflects an ongoing disregard for equitable governance reforms. Divergent domestic labour policies further hinder BRICS' unity within the ILO. China, India and Russia opposed referring the right to strike to the International Court of Justice, while Brazil and South Africa supported it (Chade & Mottaz, 2023; Jefford, 2022). Such divisions and geopolitical tensions further complicate BRICS' ability to act as a cohesive bloc in global labour governance. This is evident in the BRICS' response to the 2022 Ukraine conflict, where China and Russia opposed an ILO resolution condemning Russia, while other BRICS members abstained (ILO, 2022).

It is worth noting that while China's dominance within BRICS is primarily economic, Russia asserts its geopolitical influence through its UNSC veto and energy exports. As a major energy supplier, Russia deepens economic dependencies within the bloc, mainly through Rosneft's expanding oil agreements with India and China's significant reliance on Russian gas (Verma, 2024). This energy leverage strengthens Moscow's bilateral ties and reinforces its broader strategic position within BRICS. Furthermore, Russia's strategic alignment with China, notably demonstrated by their coordinated vetoes of UN resolutions concerning Myanmar, Syria and Venezuela (Gon, 2025), underscores a symbiotic partnership that significantly amplifies their collective global influence. However, the strategic alignment between Russia and China, facilitated by their diplomatic manoeuvring and economic leverage, frequently subordinates the priorities of smaller BRICS members to their interests. This dynamic effectively allows Russia to consolidate its influence through its partnership with China, shaping the BRICS' geopolitical direction to reflect their shared agenda.

### **Is BRICS Expanding to Russia, China or the South?**

The potential of BRICS to challenge the current economic order largely depends on China's leadership (Kamin & Langhammer, 2023). Despite advancements in cloud capital and payment systems, China's internal limitations and reliance on existing global structures curb its influence. Its currency is not widely recognised as an international store of value or medium of exchange, and its financial market remains underdeveloped compared to the US. Meanwhile, the NDB aims to complement rather than replace existing multilateral economic bodies (Singhal, 2015) and has maintained a less antagonistic stance towards Bretton Woods institutions, as shown by its compliance with Western sanctions on Russia (Bond, 2019; Stuenkel, 2020; Toussaint, 2024). While the bank provides loans in local currencies without imposing conditions (Ramos, 2024), it is criticised for stabilising rather than transforming the global financial order (Bond, 2019).

Politically, BRICS members do not appear intent on directly confronting the West. South Africa avoids antagonising major powers (Cele, 2023), while India participates in US-led alliances like QUAD and I2U2, reflecting its multi-alignment strategy (Upadhyay, 2022). China and Russia, however, leverage BRICS to strengthen ties with developing countries disillusioned with former colonisers and US dominance. Dixon and Shepherd (2023) note that Russia's anti-Western ambitions for BRICS diverge from the bloc's aversion to direct conflict with the West. While many in the Global South see BRICS as an economic opportunity, Beijing and Moscow view it as a tool to counter Western influence, which may not align with broader development goals. The group's push for global governance reforms reflects China and Russia's political interests rather than a unified agenda for the Global South. Aspirants to BRICS seek alternatives to Western financial institutions, but diverging priorities among members could limit the bloc's capacity for meaningful systemic change (Singhal, 2015).

### **Conclusion**

BRICS primarily serves Chinese economic hegemony and Russian geopolitical interests, replicating the power imbalances it claims to oppose. While positioning itself as a Global South champion, the bloc's internal hierarchies, evident in UNSC reform inertia and ILO fragmentation and resource extraction practices, marginalise smaller members and perpetuate dependency. The bloc's economic model, described as 'Neoliberalism with Southern Characteristics' (Prashad, 2013, p. 2), prioritises commodity-driven growth and low wages, reinforcing global extractive capitalism rather than fostering sustainable development. Despite institutions like the NDB, BRICS lacks a coherent ideological alternative to neoliberalism, limiting its ability to disrupt the existing economic order.

While BRICS advocates for a multipolar world, internal asymmetries, particularly the dominance of China and Russia's interests, hinder genuine Global South cooperation. To overcome these challenges,

Global South nations must balance engagement with BRICS and pursue alternative partnerships to enhance economic diversification and political autonomy. Structural reforms, including financial transparency, equitable representation, and internal democratic governance, are crucial for BRICS to become a credible counterweight to Western hegemony. Without such reforms, BRICS risks serving the ambitions of its most influential members rather than the broader Global South.

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# In Search of Constitutional ‘Philosopher-Kings’ in ‘Post-Apartheid South’?

## A Review of *Super President: The History and Future of Executive Power in South Africa*

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In *The Guardian of the Constitution: Hans Kelsen and Carl Schmitt on the Limits of Constitutional Law* (2015), the legal philosophers and political theorists Hans Kelsen and Carl Schmitt engaged in the now heralded ‘debate’ regarding the role of the president and constitutional review. The limits of executive power and constitutionalism were the fundamental point of departure. With the reinforcement of American fascism under the presidency of Donald Trump as evidenced by his avalanche of executive orders, ‘the Kelsen and Schmitt debate’ has become even more germane. In our current context in South Africa the so-called debate on expropriation with or without compensation under the presidency of Cyril Ramaphosa and the constitution of 1996 serves as a relevant example of the significance of ‘how presidential power should be used in South Africa’ (Ndzendze 2024:i). What is the nature of presidential power in the context of South Africa as a white settler colony since the conquest of Indigenous people in 1652? How can a black president undo the structure of white settler colonialism within the legal epistemological paradigm of the European conqueror (Ramosé 2006) as embodied in the constitution of 1996? Should the fundamental quest be to decolonise the political and legal paradigm that stems from epistemicide (Ramosé 2007) due to conquest since 1652, rather advocating for effectiveness in it? These are some of the more structural questions which the framing of presidential power within the contours of the ‘politics of efficiency’ and the parameters of a liberal white settler constitutional framework makes difficult to entertain and respond to with persuasion. The perennial relationship between structure and agency becomes significant in this regard. Without being grounded in a structural history of South Africa as a white settler colony (Wolfe 2006) one runs the risk of indulging in personality idealism and the fetishization of agency. This is not to deny the power of certain individuals and roles that they are endowed with within a given structure. It is within this context that the following question premised on the book *Super President: The History and Future of Executive Power in South Africa* (2024) by Bhaso Ndzendze makes sense: how can presidential power be used in South Africa to effect change and institute transparent and effective leadership?

The above-mentioned book under review grapples with this question but mainly within the discipline of political science. A cursory perusal of the title of the book ‘Super president’ for someone trained

in the discipline of philosophy evokes analogical connotations of the Platonic philosopher-king. The book is divided into an Introduction and eleven chapters that are arranged in the form of three parts. The overarching theme and main argument of the book throughout these chapters is that to be effective and transparent leaders post-Apartheid South African presidents should have been and should assume ministerial positions within their own cabinets. Ndzendze proudly operating within the contours of white settler constitutionalism rooted in conquest since 1652 (Modiri 2018 and Dladla 2018) posits that this presidential and ministerial duality can take place without changing a single word of the constitution of 1996. This is because for him this constitution which some black constitutional critics (Modiri 2018 and Dladla 2018) argue that it reinforces white supremacy fundamentally in terms of its foreign European epistemological paradigm (Ramosé 2018) is a permissive constitution. The permissiveness of this constitution seduces Ndzendze into constitutional triumphalism. This book is for those who are interested in the 'politics of efficiency' in relation to the socio-economic ills which South Africa is facing. It is written in a lucid fashion which makes it easy for a wide range of readers of South African politics and history to comprehend Ndzendze's reformist policy-orientated postulations. The structural coherence of the book is however vitiated by the abrupt ending of several chapters. Several chapters of the book are devoid of solid conclusions. In the place of concise conclusions, we are treated to at times long-winded extended discussion of the chapters.

The book begins with an Introduction titled 'Why are there presidents?' which provides an outline of the argument of the book. It also proffers interesting concepts such as political presidency, personal presidency, and embodied executive philosophy. It also endeavours to postulate an outline of how we can resolve the socio-economic ills besetting South Africa. Ndzendze (2024:6) posits that "the way out of the current crises facing South Africa could reside in doing once more what is tried and true for the majority about the history of the South African state, but which has been overlooked by post-1994 governments: a head of cabinet must be their own leading minister". Here Ndzendze is laying a foundation for this argument in terms of historical precedents (white settler presidents have done this before), global resonance (other countries are doing this already) and constitutional permissiveness (the current constitution allows for this to happen).

Because the book is divided into three parts on the basis of historical presentism in the sense of studying the past to fix current problems, Ndzendze begins part 1 with chapter one about the legacy of Nelson Mandela as a president. This first chapter is titled "President Mandela: Learning by (un)doing". The lack of ministerial and presidential experience in relation to Mandela is the main point of departure. Mandela had the duty to undo the problems of Apartheid and to do something to solve the socio-economic ills plaguing the post-1994 dispensation he played a seminal role in. Mandela is also framed as having attempted to focus on social development during his presidency. The actual work of the presidency was performed by his deputy president Thabo Mbeki. In chapter two titled "From Executive Deputy to Executive Head" Mbeki is regarded as having undergone a seamless transition from being the actual president during Mandela's presidency to being a formal one during his own presidency. But unfortunately, Mbeki did not lay a foundation for his successor. Mbeki also centralized power to try to be an effective president. But Ndzendze argues that mere knowledge of policy under Mbeki was not enough without the assumption of a ministerial position (Ndzendze 2024:65).

In chapter three Ndzendze discusses the concept of political presidency he proffered in the Introduction. "The rise of the political presidency: From Motlanthe to Zuma" discusses among other things Mbeki's Polokwane debacle, the brief presidency of Motlanthe and the rise of Zuma as a president. The most important thing about this chapter is the idea of the politicization of the presidency which Ndzendze does not fully elaborate on. The chapter just like other chapters has an abrupt denouement without further solid analysis of the notion of political presidency which is

central to his argument of the book. "Ramaphosa, Cabinet Government and the Personal Presidency" is the fourth chapter which attempts to discuss although briefly the idea of personal presidency under Ramaphosa. The focus on state security by Ramaphosa is regarded as a good thing as far as the argument of the book is concerned. The last chapter of part 1 is chapter five titled "Why are there ministers and deputy presidents"? It provides an overview of the constitutional framework which enables the function of executive authority. This chapter also argues that the ministerial performance agreements are vague and unrealistic. Because of this Ndzendze (2024:94) posits that "The remedy, as this book has argued, is for the principal himself to walk in the minister's proverbial shoes. Our presidents must become ministers in their own cabinets, so that they can better hold their own cabinets accountable, while at the same time taking direct control, as ministers, of those areas that they deem most crucial and on which they wish to be judged."

Part 2 commences with an Intermission in which Ndzendze discusses controversial issues such as Apartheid nostalgia and the importance of learning from a racist past. He underscores the significance of history and the need to distinguish it from heritage. Chapter six is the first historicist foundation of part 2 and the epistemological fundament of the argument of the book. In this chapter titled "First ministers: Louis Botha and Jan Smuts" Ndzendze dares to learn something from the notorious white supremacist "successors-in-title-to-conquest" in unjust wars of colonisation since 1652 (Ramosé 2018) such as Louis Botha and Jan Smuts. Except that instead of arguing that African leaders must be innovative in terms of their own Indigenous cultural and political tradition, Ndzendze seems to exhort them to imitate what these white settlers innovated to be effective leaders in their conquest and domination of Indigenous people. In addition to rehashing the old history of their racist project of the 'native question' through law and violence, Ndzendze argues that they epitomised the dual role of being prime ministers and holding ministerial portfolios. The chapter ends with a long-winded 'conclusion' and his routine enactment of constitutional triumphalism.

From the white supremacist 'founding fathers' of the Union of white South Africans in line with the racist fantasy of the white man's land and exclusive white "South Africanism" (Dubow 1997) the book transitions to the unapologetic architects of 'racism's last word' (Derrida 1985). According to chapter seven titled "Apartheid's leading Men" the likes of Henrick Verwoerd, P W Botha and FW De Klerk operationalized 'racism's last word' by holding several ministerial portfolios in addition to being prime ministers. From the historicist foundation in the form of the historical precedent of the 'first ministers and leading men' Ndzendze provides an analysis of the global resonance of his main argument. In chapter eight titled "A Global Benchmark of Dual executive power" Ndzendze utilises three case studies of Nigeria, India, and Canada to bolster his main argument of the book. This chapter was to a certain extent a nuanced exercise in comparative politics. Perhaps by far the most interesting chapter of the book is chapter nine which is titled "The American way: Lessons from the first president". This chapter is substantively and structurally much better than other chapters above. Ndzendze proffers a relevant historical analysis of the American constitution and how different U.S presidents understood the essence of executive power. It ends by providing a discussion of lessons that can be gleaned from his American analysis and with a much better conclusion.

Part three of 'super possibilities' begins with chapter ten titled "Permissive constitution". The most important substantive contribution of this chapter is the clarification of what his book is about and what it is not about. Ndzendze spends a justifiable amount of time defending his argument against confusion and misunderstanding from different real and imaginary critics. This of course is a reasonable exercise in decent scholarship. His training as a political scientist as opposed to a legal philosopher becomes clear in this chapter. The book's paucity of jurisprudential critical analysis is on display in this chapter. Ndzendze treats us to a heavy dose of uncritical transformative constitutionalism and constitutional triumphalism. He does not even attempt to provide a critical

historical analysis of constitutions and constitutionalism in South Africa. This is despite the inextricable connection between South African constitutionalism, parliamentary supremacy and the role of the president that are central to his argument. There is no attempt to briefly outline current objections to the legitimacy of the constitution of 1996 (Ramose 2018) from different schools of thought such as 'constitutional abolitionism' forged by Joel Modiri (2018) and Ndumiso Dladla (2018). Ndzendze exudes constitutional deification by proclaiming that his argument won't touch the constitution. However, to his credit he is quite consistent as a liberal reformist writer in this book.

For a political scientist the last chapter on diplomacy and foreign policy provides a solid analysis of these concepts. However, the focal analysis of the difference between diplomacy and foreign policy is so long-winded that one loses track of the main argument of the book. The reader is inundated with a verbose exposition of the paucity of South African foreign policy that one forgets for a moment about 'the super president argument'. This chapter is needlessly long and has a sloppy conclusion for the final chapter of the book. While the focus on the president and international relations is important, one can still grasp the main argument of the book without this chapter. This chapter could have been distributed across other chapters which discuss the different presidencies of 'post-Apartheid South Africa'. It should not have been a stand-alone chapter. In its place Ndzendze could have provided a final chapter which refines the main argument of the book in a synoptic but persuasive fashion.

Despite this structural and substantive flaw of the last chapter and the book in general, the entire book is framed within the liberal paradigm of reformist South African politics. There is nothing radical about the book and its main argument. To be fair Ndzendze does not pretend to be radical at all in this book. The book is firmly rooted in the democratisation paradigm (Ramose 2005) which among other things seeks to 'make South Africa better for all its citizens' as opposed to the decolonisation paradigm (Ramose 2005) whose fundamental quest is the undoing of South Africa as a white settler colony to restore historic justice and sovereignty for the Indigenous people. It premised on the reformist policy orientation of political science as opposed to the critical theoretical analysis in the area of political theory or political philosophy. This is an indictment against its paucity of a solid interdisciplinarity. In the end the 'super president' is a democratising constitutional reformist who will only reinforce South Africa as a white settler colony in contrast with a better alternative such as a decolonising philosopher-king who in rejecting the constitution of 1996 can usher in *Uhuru* with the Indigenous people by aiding in the undoing of South Africa through among other things a *Chimurenga*.

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